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ABSTRACT

This Article explores the role of the Federal Circuit in the federal intellectual property regime, as well as in the federal court system, by identifying and examining a fundamental conflict in the deference the court accords to two different institutions—the district courts and the International Trade Commission ("ITC"). This conflict is significant because patent litigation increasingly occurs in both forums, frequently in the same dispute. Traditionally, in district court appeals the Federal Circuit has taken a circumscribed view of its own role vis-à-vis the other appellate courts and has deferred on a number of issues outside its area of specialization. This is in stark contrast to the Federal Circuit's stance in reviewing agencies, where it has consistently demonstrated its unwillingness to defer to either the ITC or to the United States Patent & Trademark Office, sometimes in direct contravention of administrative law principles. The conflict between these two regimes is reflective of uncertainty about the Federal Circuit's scope of authority and role in the federal system. On the one hand, its deference in appeals from district courts seems to reflect doubts about the Federal Circuit's competency outside of patent law. But on the other, the court's assertion of power over similar issues in the ITC, even despite administrative law principles suggesting otherwise, suggests a much more broadly competent and powerful institution. This Article argues that the conflict between the two deference regimes has a destabilizing effect and that principles of administrative law and appellate review suggest it may be wise to consider harmonizing changes to both.

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INTRODUCTION

The Federal Circuit sits at the heart of a complex system. It reviews patent-related adjudications of not one, but two agencies, and it reviews patent-related litigations from not one, but two types of forum. This unique institutional design makes the relationship between the Federal Circuit and these other institutions—the district courts, the International Trade Commission ("ITC"), and the United States Patent and Trademark Office ("USPTO")—a rich setting for exploring both the fundamental principles and the nuances of appellate review and administrative law. In some ways, this richness has been recognized by scholars. A number

have explored the intricacies of Federal Circuit review of district courts,[1] the sometimes curious application of administrative law to the USPTO and ITC,[2] and the increasing importance of the ITC in patent litigation.[3] But these bodies of scholarship largely focus on a single relationship within the patent system, either between two courts or between a court and an agency.[4] As such, they miss one of the most intriguing parts of the patent system, which has much to offer for understanding appellate review, administrative law, and more broadly, the distribution of power in our federal system—namely, the comparisons and interactions between these relationships.

This Article explores in tandem two sets of relationships in the patent system. One consists of the relationships between multiple courts. The other consists of relationships between courts and agencies. The analysis starts from two particular relationships: Federal Circuit review of patent cases from the district courts and Federal Circuit review of

1. *See generally, e.g.*, Ted L. Field, *Improving the Federal Circuit's Approach to Choice of Law for Procedural Matters in Patent Cases*, 16 GEO. MASON L. REV. 643 (2009); Peter J. Karol, *Who's at the Helm? The Federal Circuit's Rule of Deference and the Systemic Absence of Controlling Precedent in Matters of Patent Litigation Procedure*, 37 AIPLA Q.J. 1 (2009); Sean M. McEldowney, Comment, *The "Essential Relationship" Spectrum: A Framework for Addressing Choice of Procedural Law in the Federal Circuit*, 153 U. PA. L. REV. 1639 (2005); Kimberly Moore, *Juries, Patent Cases, and a Lack of Transparency*, 39 HOUS. L. REV. 779 (2002); Joan E. Schaffner, *Federal Circuit "Choice of Law": Erie Through the Looking Glass*, 81 IOWA L. REV. 1173 (1996).

2. *See generally, e.g.*, Stuart Minor Benjamin & Arti K. Rai, *Who's Afraid of the APA? What the Patent System Can Learn from Administrative Law*, 95 GEO. L.J. 269 (2007); William J. Blonigan, *Road Under Construction: Administrative Claim Interpretations and the Path of Greater Deference from the Federal Circuit to the Patent Office*, 35 AIPLA Q.J. 415 (2007); Thomas Chen, *Patent Claim Construction: An Appeal for* Chevron *Deference*, 94 VA. L. REV. 1165 (2008); Dennis J. Harney, *The Obvious Need for Deference: Federal Circuit Review of Patent and Trademark Office Determinations of Mixed Questions of Law and Fact*, 28 U. DAYTON L. REV. 61 (2002); Sapna Kumar, *Expert Court, Expert Agency*, 44 U.C. DAVIS L. REV. 1547 (2011); Amy R. Motomura, *Rethinking the* Chenery *Doctrine: Lessons from Patent Appeals at the Federal Circuit*, 53 SANTA CLARA L. REV. 817 (2013).

3. *See generally, e.g.*, Robert E. Bugg, *The International Trade Commission and Changes to United States Patent Law*, 76 BROOKLYN L. REV. 1093 (2011); Colleen V. Chien & Mark A. Lemley, *Patent Holdup, the ITC, and the Public Interest*, 98 CORNELL L. REV. 1 (2012); Colleen V. Chien, *Patently Protectionist? An Empirical Analysis of Patent Cases at the International Trade Commission*, 50 WM. & MARY L. REV. 63, 64 (2008); Christopher A. Cotropia, *Strength of the International Trade Commission as a Patent Venue*, 20 TEX. INTELL. PROP. L.J. 1 (2011); Robert Hahn & Hal Singer, *Assessing Bias in Patent Infringement Cases: A Review of International Trade Commission Decisions*, 21 HARV. J.L. & TECH. 457 (2008); Mark A. Kressel, *Protecting Intellectual Property Rights with the ITC*, L.A. LAW., Dec. 2011, at 10; Sapna Kumar, *The Other Patent Agency: Congressional Regulation of the ITC*, 61 FLA. L. REV. 529 (2009).

4. A recent exception is Paul R. Gugliuzza, *The Federal Circuit as a Federal Court*, 54 WM. & MARY L. REV. 1791 (2013), which looks at the Federal Circuit's various inter-institutional relationships and examines the effects of its consolidation of power with respect to patent law.

investigations at the ITC. In district court appeals, the Federal Circuit has in some ways taken a circumscribed view of its power. Under its "choice-of-law" rules, the Federal Circuit applies the law of the regional circuit for non-patent substantive matters and procedural matters not unique to patent law. Such deference arguably reflects a view of the Federal Circuit as a specialized court having limited institutional competence. In marked contrast is its approach in reviewing agencies, including the ITC. There, the Federal Circuit has consistently limited its deference to the agency, even when it must defy administrative law to do so. The Federal Circuit largely exercises independent judgment, creating and imposing on the ITC the same types of substantive and procedural law that are allegedly outside its competence on appeal from district courts.

These two relationships can and should be studied together. Both are issues of deference: although termed "choice-of-law," the Federal Circuit's application of regional circuit law can be characterized as a form of "horizontal" deference—deference to a sister institution—rather than true choice of law. The Federal Circuit's deference to the ITC is the more traditional, "vertical" form of deference. While each relationship has existed for decades, recent dramatic increases in patent litigation in the ITC makes studying the two together more important than ever before. When viewed together, it is clear that the two deference regimes conflict in ways that raise fundamental questions about the proper scope of the Federal Circuit's power and the institutional design of the patent system.

This Article explores the conflict between the two deference regimes and its implications for the relationship between the Federal Circuit, the ITC, and the district courts. Part I describes the increase in ITC litigation that makes the conflict increasingly problematic and provides an example of how this conflict may manifest in litigation. Part II examines in more detail the doctrinal structures that dictate the relationship between the Federal Circuit and the district courts, and between the Federal Circuit and the ITC. It then addresses the interactions between the two relationships, illustrating the implications of their alignment or divergence on particular issues. In doing so, Part II demonstrates how the different approaches to the development of law by the Federal Circuit in ITC and district court appeals can lead to conceptual and doctrinal inconsistencies, and how the conceptual inconsistencies destabilize both deference regimes. The goal of this Article is largely to frame and explore the nuances of these complex contradictions, rather than to suggest that there might be a simple solution. Part III does, however, discuss one possible approach in which

the Federal Circuit would defer more to the ITC and less to the regional circuits.

I. HOW THE CONFLICT EMERGED

Most patent litigation has traditionally occurred in the federal district courts under 35 U.S.C. § 281,[5] which allows a patentee to assert a patent in a civil action for infringement.[6] Increasingly, however, patent litigation is occurring in the ITC. Under § 337 of the Tariff Act of 1930,[7] the ITC has the authority to exclude unlawful articles from the United States.[8] Included in the scope of "unlawful articles" are those that infringe a patent, registered copyright or trademark,[9] or other intellectual

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5. 35 U.S.C. § 281 (2012).

6. *Id.* ("A patentee shall have remedy by civil action for infringement of his patent."). Potential accused infringers may also bring an action for declaratory judgment against a patentee. *See generally* Lorelei Ritchie De Larena, *Re-evaluating Declaratory Judgment Jurisdiction in Intellectual Property Disputes*, 83 IND. L.J. 957, 974–86 (2008) (discussing how the Declaratory Judgment Act's standards have been articulated and applied in patent law).

7. Tariff Act of 1930 § 337, 19 U.S.C. § 1337 (2012).

8. 19 U.S.C. § 1337(d)(1) (2012). Section 1337(d)(1) provides:

> If the Commission determines, as a result of an investigation under this section, that there is a violation of this section, it shall direct that the articles concerned, imported by any person violating the provision of this section, be excluded from entry into the United States, unless, after considering the effect of such exclusion upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, it finds that such articles should not be excluded from entry. The Commission shall notify the Secretary of the Treasury of its action under this subsection directing such exclusion from entry, and upon receipt of such notice, the Secretary shall, through the proper officers, refuse such entry.

Id.; Eric B. Cheng, Note, *Alternatives to District Court Patent Litigation: Reform by Enhancing the Existing Administrative Options*, 83 S. CAL. L. REV. 1135, 1158 n.172 (2010) (citing 19 U.S.C. § 1337(b)–(f) (2006)).

9. 19 U.S.C. § 1337(a)(1) (2012). Section 1337(a)(1) provides:

> Subject to paragraph (2), the following are unlawful, and when found by the Commission to exist shall be dealt with, in addition to any other provision of law, as provided in this section: . . . .
>
> (B) The importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that—
>
> (i) infringe a valid and enforceable United States patent or a valid and enforceable United States copyright registered under title 17; or
>
> (ii) are made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable United States patent
>
> (C) The importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that infringe a valid and enforceable United States trademark registered under the Trademark Act of 1946.

property rights,[10] making the ITC a powerful tool for enforcing these rights.

Like much litigation in federal courts, ITC actions typically begin when a patent holder files a complaint.[11] If the complaint results in an investigation,[12] both an administrative law judge ("ALJ") and an investigative attorney are assigned to the case.[13] The investigation proceeds with discovery and a formal evidentiary hearing.[14] The ALJ, in an "Initial Determination," then determines whether there has been a violation of § 337 and if so, the remedy.[15] The initial determination can be reviewed by the full ITC, either at a party's request or *sua sponte*.[16] If the full ITC does not review the ALJ's initial determination, the initial determination becomes the ITC's determination.[17] The ITC's determination becomes final after 60 days unless disapproved by the president for policy reasons.[18] The ITC's determination can be appealed within 60 days of it becoming final,[19] and the Federal Circuit has exclusive jurisdiction over these appeals.[20]

Id.

10. These include mask works, § 1337(a)(1)(D), and designs. § 1337(a)(1)(E). The statute requires that "an industry in the United States, relating to the articles protected by the patent, copyright, trademark, mask work, or design concerned, exists or is in the process of being established." § 1337(a)(2).

11. § 1337(b)(1); Kumar, *supra* note 2, at 1555. The ITC can also initiate investigations itself. § 1337(b)(1) ("The Commission shall investigate any alleged violation of this section on complaint under oath or upon its initiative."); *see also* William P. Atkins & Justin A. Pan, *An Updated Primer on Procedures and Rules in 337 Investigations at the U.S. International Trade Commission*, 18 U. BALT. INTELL. PROP. L.J. 105, 106 (2010).

12. Complaints do not always result in the ITC opening an investigation. *See* Atkins & Pan, *supra* note 11, at 112 (citing 19 U.S.C. § 1337(b)(1) (2006)). There is initially a pre-institution investigation to assess whether the complaint is properly filed and contains all the required information. *See id.* (citing 19 C.F.R. §§ 210.9 to .10 (2010)).

13. Kumar, *supra* note 2, at 1555. The investigative attorney acts like another party in the case, participating in discovery, motions, briefings, and hearings. Atkins & Pan, *supra* note 11, at 116 (citing 19 C.F.R. § 210.3 (2010)).

14. Kumar, *supra* note 2, at 1555 (citing 19 C.F.R. § 210.36(a)(2)(d) (2010)).

15. Atkins & Pan, *supra* note 11, at 115–16 (citing 19 C.F.R. §§ 210.15 to .42 (2010)); Kumar, *supra* note 2, at 1555 (citing 19 C.F.R. § 210.42 (2010)).

16. Kumar, *supra* note 2, at 1556 (citing 19 C.F.R. § 210.43 to .44 (2010)); Michael Diehl, *Does ITC Review of Administrative Law Judge Determinations Add Value in Section 337 Investigations?*, 21 FED. CIR. B.J. 119, 120 (2011) (citing 19 C.F.R. § 210.43(a), .44 (2010)).

17. USITC, Pub. No. 4212, YEAR IN REVIEW: FISCAL YEAR 2010, at 14 (2011).

18. 19 U.S.C. § 1337(j)(2), (j)(4) (2012); see also Kumar, *supra* note 2, at 1556.

19. 19 U.S.C. § 1337(c); USITC, PUB. NO. 4105, SECTION 337 INVESTIGATIONS: ANSWERS TO FREQUENTLY ASKED QUESTIONS, (2009), *available at* www.usitc.gov/intellectual_property/documents/337_faqs.pdf.

20. 28 U.S.C. § 1295(a)(6) (2012) ("The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction . . . to review the final determinations of

A. Rising Litigation in the ITC

Litigation in the ITC has increased dramatically over the past decade. In the 1990s, the ITC conducted an average of 10.3 patent actions per year under § 337.[21] In the 2000s, the average number had increased to 25.4 per year.[22] The number of patent actions under § 337 has reached even higher numbers since then, with 55 in 2010 and a record 68 in 2011.[23] Although the number has since decreased from its peak in 2011, it remains high, with 37 patent actions in 2012, 39 in 2013, and 37 in 2014.[24] Just under half of ITC patent cases proceed all the way to judgment.[25] Figure 1 below shows the yearly figures for § 337 actions and § 337 actions involving patent rights.[26]

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the United States International Trade Commission relating to unfair practices in import trade, made under section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337).").

21. This calculation is based on ITC data available at *337Info–Unfair Import Investigations Information System*, USITC, http://pubapps2.usitc.gov/337external/ (last visited Mar. 28, 2015). The database's summary of each investigation was analyzed to determine whether the investigation involved claim(s) based on patent, copyright, trademark, or trade secret. *See also* Hahn & Singer, *supra* note 3, at 460 (finding an average of 10 cases per year in the 1990s).

22. This calculation was determined as described in note 21, *supra*. *See also* Hahn & Singer, *supra* note 3, at 460 (finding an average of 23 cases per year since 2000).

23. This calculation was determined as described in note 21, *supra*.

24. This calculation was determined as described in note 21, *supra*. *See also* Michael G. McManus, *Section 337 Caseload and Win Rate Revert to Norms*, PATENTLY-O (Oct. 30, 2013), http://patentlyo.com/patent/2013/10/section-337-caseload-and-win-rate-revert-to-norms.html (reporting the number of patent actions under § 337 for the years 2008–2012).

25. See Mark Lemley, *Contracting Around Liability Rules*, 100 CAL. L. REV. 463, 474 n.60 (2012) (citing Chien, *supra* note 3, at 64; Hahn & Singer, *supra* note 3, at 475 tbl.1) (reporting Hahn & Singer's finding that 45% of ITC patent cases settle, and complainants voluntarily withdraw their complaints in an additional 11%, and reporting Chien's finding that 44% of ITC patent cases went to judgment). In contrast, far more district court cases end in settlement—around 80–90%. *See* John R. Allison, Mark A. Lemley & Joshua Walker, *Patent Quality Settlement Among Repeat Patent Litigants*, 99 GEO. L.J. 677, 689 tbl.5 (2011) (in a random sample, finding a settlement rate of 90.50% for claims based on highly litigated patents and 84.00% for claims based on once-litigated patents). *Cf.* Chien, *supra* note 3, at 98 n.180 (among district court cases with ITC counterparts, finding that 87% settled).

26. Although § 337 investigations can involve a range of intellectual property rights, the majority involve patent rights. Atkins & Pan, *supra* note 11, at 107–09. An analysis of ITC data available at *337Info–Unfair Import Investigations Information System*, *supra* note 21, indicates that of the § 337 investigations through December 31, 2014, 90% involved patents, 3% involved copyright, 12% involved trademark, and 5% involved trade secrets.

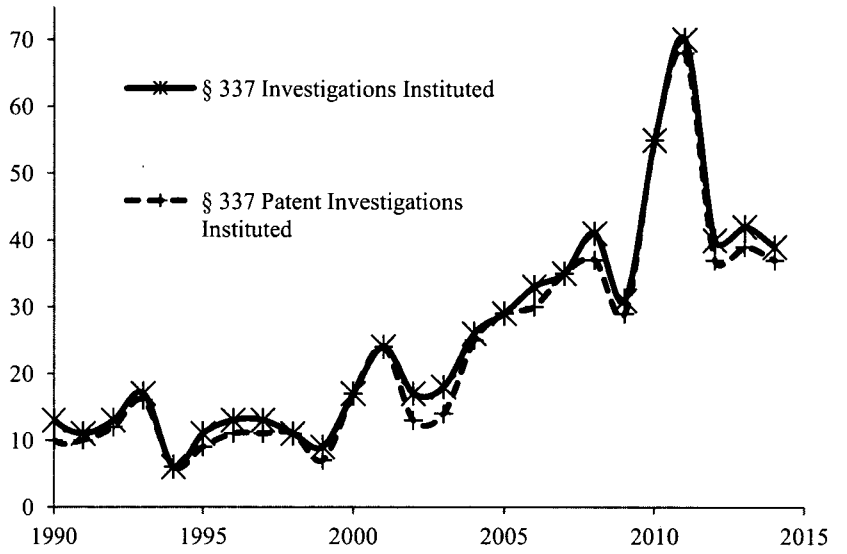

***Figure* 1. Section 337 Investigations by Year**[27]

This marked rise in ITC litigation has caught the eye of practitioners and academics alike. One commentator has called the ITC the "hottest new battleground for patent infringement disputes,"[28] and another has said that "all patent litigators and in-house patent counsel should be familiar with the ITC's Section 337 authority."[29] These commentators point to several reasons for the recent surge in ITC investigations, including available remedies, speed, and patentee-friendliness.

Although the ITC has a more limited set of available remedies than district courts—it cannot award damages[30]—patentees frequently turn to the ITC because it is more likely to issue an injunction against an alleged

27. The number of § 337 investigations instituted per year is available at *Number of Section 337 Investigations Instituted By Calendar Year*, USITC, www.usitc.gov/intellectual_property/documents/cy_337_institutions.pdf (last visited Mar. 28, 2015). The number of § 337 patent investigations instituted each year were determined as described in note 21, *supra*.

28. Kressel, *supra* note 3, at 10.

29. Peter S. Menell, *The International Trade Commission's Section 337 Authority*, 2010 PATENTLY-O PAT. L.J. 79, 79 (2010); *see also* Kressel, *supra* note 3, at 10 ("[I]f your practice involves intellectual property you will soon find yourself litigating [in the ITC].").

30. *See* Kumar, *supra* note 2, at 1556.

infringer. In *eBay v. MercExchange*,[31] the U.S. Supreme Court held that district courts must apply the four-factor equity test for injunctions used in other contexts, rather than issue injunctions nearly automatically upon a finding of infringement, as they had in the past.[32] But the Federal Circuit has held that *eBay* does not apply to the ITC.[33] Instead, a finding of a § 337 violation is almost certain to result in injunctive relief.[34]

Increasing ITC litigation is also commonly attributed to the speed of the proceedings. Section 337 dictates that the ITC "conclude [its] investigation and make its determination . . . at the earliest practicable time after the date of publication of notice of such investigation,"[35] with limited time allowed for discovery.[36] Lengthy proceedings over jurisdiction are also largely eliminated because ITC jurisdiction is based on the act of importation into the United States.[37] These factors mean that ITC investigations conclude in about half the time of district court proceedings,[38] taking less than one and a half years on average.[39]

The ITC has also been perceived as a more favorable venue than district courts for patent holders. Multiple studies have suggested that higher percentages of patentees prevail in the ITC as compared to in district courts.[40] Other evidence suggests, however, that the ITC's

31. eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388 (2006).

32. *Id.* at 391.

33. Spansion, Inc. v. U.S. Int'l Trade Comm'n, 629 F.3d 1331, 1359 (Fed. Cir. 2010).

34. *See* Kumar, *supra* note 2, at 1557; *see also* Chien, *supra* note 3, at 99; Hahn & Singer, *supra* note 3, at 482–83 (citing DONALD KNOX DUVALL ET AL., UNFAIR COMPETITION AND THE ITC § 7:20 (2005)). *See generally* Chien & Lemley, *supra* note 3 (discussing the rules the ITC currently uses to determine whether to grant an injunction and arguing that the ITC has and should use flexibility within those rules to adjust the remedies it grants, rather than nearly automatically issuing injunctions). Even when an ITC investigation does not go through to completion, the greater threat of injunctive relief can lead to advantages in settlement negotiations. *See* Hahn & Singer, *supra* note 3, at 462.

35. 19 U.S.C. § 1337(b)(1) (2012).

36. *See* Menell, *supra* note 29, at 86.

37. Cotropia, *supra* note 3, at 5 (citing 19 U.S.C. § 1337(a)(1) (2006); Hahn & Singer, *supra* note 3, at 461; Kumar, *supra* note 3, at 535).

38. *Id.* at 6 (citing 19 U.S.C. § 1337(b)(1); Chien, *supra* note 3, at 101–02).

39. *See* U.S. INT'L TRADE COMM'N, ANNUAL PERFORMANCE PLAN, FY 2015-2016 AND ANNUAL PERFORMANCE REPORT, FY 2014, at 11 (2015), *available at* http://www.usitc.gov/documents/usitc_2015-2016_app_and_2014_apr_final.pdf (reporting the average length of investigations concluded on the merits as 18.4 months in fiscal year 2010, 13.7 months in fiscal year 2011, 16.5 months in fiscal year 2012, 19.7 months in fiscal year 2013, and 17.1 months in fiscal year 2014).

40. A study comparing outcomes in patent cases in the ITC and district courts between 1975 and 1988 found that patent holders prevailed in 65% of cases in the ITC, compared to only 40–45% in the district courts. *See* Hahn & Singer, *supra* note 3, at 473. A study including more recent data similarly found that patent holders prevailed in 58%

apparent patentee-friendliness may actually be a result of selection bias: among cases brought in both the ITC and a district court, the difference in win rates is not statistically significant.[41] But even if the perception of the ITC as more patentee-friendly is inaccurate, it may still be driving patentees to litigate before the agency. Moreover, there are some substantive differences making patent owners more likely to prevail in particular circumstances. For example, certain defenses to patent infringement do not apply in the ITC.[42]

Increasing litigation in the ITC raises a number of concerns. Previous commentators have noted divergences in substantive patent law between the ITC and district courts, most notably, the greater availability of injunctions in the ITC for non-practicing entities.[43] This Article will address a divergence that has gone unnoticed: that between the deference regimes accorded by the Federal Circuit to the two institutions.

B. An Example of Conflict Between Deference Regimes

Consider the following example, which illustrates how the rise of patent litigation in the ITC can bring the deference regimes into conflict. In *In re the Regents of the University of California*,[44] the Federal Circuit addressed a petition for a writ of mandamus arising out of multidistrict patent litigation proceedings involving the University of California, Genentech, and Eli Lilly.[45] Genentech sought to depose three in-house attorneys from Eli Lilly who had collaborated with University of California patent attorneys on the prosecution of a patent involved in the litigation, which was owned by the University of California but licensed to Eli Lilly.[46] The university argued that the communications about which Genentech sought testimony were protected by attorney-client privilege,[47] but the district court disagreed and granted Genentech's

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of ITC cases, while only 35% prevailed in district court cases. *See* Chien, *supra* note 3, at 96–97 (analyzing cases from 1995 to mid-2007).

41. Chien, *supra* note 3, at 96–97 (analyzing cases from 1995 to mid-2007).

42. Hahn & Singer, *supra* note 3, at 461–62; *see* Kinik Co. v. U.S. Int'l Trade Comm'n, 362 F.3d 1359, 1363 (Fed. Cir. 2004) (holding that the defenses under § 271(g)(1) and (2) of the Patent Act involving products made by patented processes do not apply to § 337 actions in the ITC).

43. *See supra* notes 31–34 and accompanying text.

44. *In re* Regents of the Univ. of Cal., 101 F.3d 1386 (Fed. Cir. 1996).

45. *Id.* at 1388.

46. *Id.* at 1388–89. Patent "prosecution" is the process by which a patent is obtained, through the USPTO. *See* Michael Risch, *The Failure of Public Notice in Patent Prosecution*, 21 HARV. J.L. & TECH. 179, 180, 182–84 (2007).

47. *In re Regents*, 101 F.3d at 1389.

motion to compel the deposition testimony.[48] The university petitioned the Federal Circuit for a writ of mandamus to the district court to vacate the order granting the motion.[49] In assessing whether to grant the writ of mandamus, the Federal Circuit examined the scope of attorney-client privilege. Most circuit courts would have done so as a matter of the law of their own circuit. The Federal Circuit, however, looked instead to the law of the Seventh Circuit, stating that it looks to the law of the regional circuit for procedural issues not unique to patent law.[50] Ultimately, based on its application of Seventh Circuit law, the Federal Circuit concluded that the communications were protected and granted the writ.[51]

Around the same time as the multidistrict litigation, Genentech filed a complaint with the ITC seeking an investigation under § 337, based on allegations that two companies ("BTG" and "Novo") were infringing four of its patents.[52] All four had been asserted by Genentech in the multidistrict patent litigation involving Eli Lilly and the University of California.[53] In the district court litigation, Genentech had inadvertently produced 12,000 pages of documents it considered privileged.[54] The district court ruled that this inadvertent disclosure had waived any privilege as to the documents.[55] After BTG learned of the district court's ruling, it requested that Genentech produce those same documents in the ITC proceeding, but Genentech refused.[56] The ALJ "carefully considered the language of the district court's ruling"[57] to assess whether the waiver was limited to the district court proceeding or constituted a general waiver. He concluded that "that the documents in issue were found not to be privileged by the [multidistrict litigation] Court and therefore any privilege has been waived," and that he could "find nothing in the [multidistrict litigation] Court's opinion that states the waiver as to

48. *Id.* at 1387–88. The district court found that the communications were not protected by attorney-client privilege because either the privilege had been waived or it had never vested. *Id.*

49. *Id.* at 1387.

50. *Id.* at 1390 n.2 ("For procedural matters that are not unique to patent issues, [the Federal Circuit] appl[ies] the perceived law of the regional circuit."). This "choice-of-law" doctrine is discussed in more detail in Part II.A.

51. *Id.* at 1390–91.

52. *See* Genentech, Inc. v. U.S. Int'l Trade Comm'n, 122 F.3d 1409, 1412–13 (Fed. Cir. 1997).

53. *Id.* at 1412–13.

54. *See id.* at 1413.

55. *See id.*

56. *See id.* BTG and Novo argued that they were entitled to the documents due to the finding of waived privilege in the district court; Genentech refused to disclose the documents, saying that the district court's ruling did not apply in the ITC and pointing to the protective order in the district court litigation. *Id.*

57. *Genentech*, 122 F.3d at 1416.

the documents in issue means that the documents can be seen only by UC and Lilly attorneys."[58] Thus, the ALJ "gave full force" to the district court's ruling and held that it applied in the ITC proceeding.[59] The ALJ therefore ordered Genentech to produce the documents.[60] Ultimately, the ALJ issued an initial decision which found a violation of § 337 but dismissed Genentech's complaint with prejudice.[61] The ALJ denied Genentech relief as a sanction for several discovery violations, one of which was not producing the documents until it was ordered to do so.[62]

After the ITC denied review on this portion of the ALJ's initial determination, Genentech appealed to the Federal Circuit.[63] With respect to the issue of privilege, Genentech argued that the ALJ was wrong in finding that the waiver applied in the ITC proceeding, and therefore, it was not obligated to produce the documents.[64] As such, Genentech argued, the sanction was an abuse of discretion.[65] BTG and Novo countered that the ALJ had been correct in determining that the waiver applied to the ITC.[66] Upon review, the Federal Circuit rejected Genentech's argument that the waiver was limited to the district court proceeding.[67] The Federal Circuit stated that some courts had recognized limited waiver doctrines, but "[t]his court, however, has never recognized such a limited waiver."[68] Thus, in evaluating Genentech's argument, the Federal Circuit appeared to be determining the scope of

58. Certain Recombinantly Produced Human Growth Hormones, Inv. No. 337-TA-358, USITC Order No. 129, 1994 WL 930226, at *2 (July 15, 1994); *see also* Certain Recombinantly Produced Human Growth Hormones, Inv. No. 337-TA-358, USITC Pub. 2869, at 30 (Mar. 1995) (Final).

59. *Genentech*, 122 F.3d at 1415.

60. *See id.*

61. *See id.* at 1414.

62. *See id.*

63. *See id.* at 1411, 1414.

64. *See Genentech*, 122 F.3d at 1415. Genentech did not challenge the district court's finding of a waiver; rather, it challenged the application of the waiver to the ITC proceeding. *See id.* at 1416. Genentech also argued that the district court's protective order (which stated that inadvertent production did not waive privilege, if promptly followed by a request for return) limited the waiver to the district court litigation. *See id.* at 1417. The Federal Circuit rejected this argument. *See id.* at 1418.

65. *See id.* at 1414.

66. *Id.* at 1415. BTG and Novo also argued that that Genentech could not collaterally challenge the district court's finding before the Federal Circuit because it had not done so before the ALJ. *Id.*

67. *See id.* at 1416–17.

68. *Id.* at 1417. The court described:

> A small number of courts have recognized . . . a limited waiver that enables the attorney-client privilege to survive certain breaches of confidentiality. This court, however, has never recognized such a limited waiver. Moreover, Genentech has presented no compelling arguments as to why we should apply such a limited waiver theory in this case.

Id. at 1417 (internal citations omitted).

the waiver under Federal Circuit law.[69] Ultimately, the Federal Circuit concluded that the ALJ had not erred in finding that the privilege had been waived for the ITC proceeding.[70]

This example illustrates how easily the rise of patent litigation in the ITC might create inconsistent situations in which the Federal Circuit defers to regional circuits on an issue (here, attorney-client privilege) on appeal from the district court, but in a related case applies its own law on a similar issue (here, waiver of privilege) on appeal from the ITC. Moreover, this example suggests how a troubling circularity may arise when an ALJ adopts a district court ruling or looks to the district court for guidance. In the ITC proceeding, the ALJ gave "full force to [the district court's] ruling" of waiver and held that the district court's finding applied in the ITC proceeding.[71] On appeal from the ITC, the Federal Circuit upheld the ALJ's adoption of the district court's ruling.[72] Had the district court's finding of waiver been directly appealed to the Federal Circuit, presumably it would have been evaluated under Seventh Circuit law, as it had in *In re the Regents of the University of California*.[73] But instead, the district court's ruling was followed by the ITC, whose decision was in turn reviewed by the Federal Circuit under Federal Circuit law. This outcome is, at best, unnecessarily confusing and at worst, reflective of deep uncertainty about the Federal Circuit's scope of authority.

The Genentech cases also illustrate the particular risk of parallel litigation. A patent holder may litigate in parallel in district court and the ITC.[74] Alternatively, because patent-related determinations in the ITC do not have preclusive effect on district court litigation, a patent holder can follow a § 337 complaint with a suit in federal district court.[75] In an

69. *See also Genentech*, 122 F.3d at 1415 (citing to treatises and Federal Circuit cases regarding the attorney-client privilege generally: Carter v. Gibbs, 909 F.2d 1450, 1451 (Fed. Cir. 1990) (in banc); Am. Standard Inc. v. Pfizer Inc., 828 F.2d 734, 745 (Fed. Cir. 1987); Zenith Radio Corp. v. United States, 764 F.2d 1577, 1580 (Fed. Cir. 1985)). The court did mention the law followed by other circuits regarding the privilege, but it did so clearly only for reference, not in deference to it. *See id.* at 1415.

70. *Id.* at 1418.

71. *Id.* at 1415.

72. *Id.* at 1415–18.

73. *In re* Regents of the Univ. of Cal., 101 F.3d 1386, 1389 (Fed. Cir. 1996). However, it is worth noting that the Federal Circuit does not always defer to the regional circuit on questions of privilege. Ted Field has described the Federal Circuit as deferring to the regional circuit "by default" for issues of attorney-client privilege, waiver of privilege, and the scope of waiver, but as applying Federal Circuit law in situations in which the issue involves substantive patent law. *See* Field, *supra* note 1, at 664–68.

74. But the district court litigation may be stayed until completion of the § 337 action. *See* Kumar, *supra* note 2, at 1557.

75. *See id.* However, district court decisions on infringement do have preclusive effect in the ITC. *Id.* at 1557 n.51.

empirical study of § 337 patent actions in the ITC from 1995 through mid-2007, Colleen Chien found that at least 65 percent had corresponding cases in district courts.[76] The Genentech cases illustrate how easily similar issues involving the same set of facts might reach the Federal Circuit on appeal from each forum, and how the Federal Circuit might then apply regional circuit law in one and Federal Circuit law in the other.

The conflict between the deference accorded in appeals from the district courts and from the ITC leads to two types of inconsistency. The first type is doctrinal inconsistency. That is, on a particular issue, the law applied by the Federal Circuit in an appeal from the ITC may be different, in a potentially outcome-determinative way, from the law applied in an appeal from a district court. The second type of inconsistency is conceptual inconsistency. The Federal Circuit has, and continues to develop, a body of law on certain issues that it applies in appeals from the ITC. Yet, when many of those same issues arise in the district courts and are addressed on appeal, the Federal Circuit will proclaim that they fall outside its area of expertise and defer to the regional circuit.

In many ways, conceptual inconsistencies are more troubling, even though the substance of the law may be the same. The federal court system is accustomed to some doctrinal inconsistencies between circuits, and between federal and state courts. There are also doctrinal inconsistencies between patent law in the ITC and in district courts.[77] Conceptual inconsistencies, on the other hand, suggest the existence of fundamental uncertainties about the proper role and competence of the Federal Circuit. The Federal Circuit's deference to the regional circuits on matters not closely related to the Federal Circuit's exclusive jurisdiction has been suggested to "embod[y] a common sense recognition of the longstanding experience of the regional circuits in dealing with the matters common to their jurisprudence."[78] Underlying

76. Chien, *supra* note 3, at 92. When there was a corresponding district court case, the ITC investigation was instituted on average 6.6 months after the district court case was filed. *Id.* at 93. In 85% of these instances of parallel litigation, the same party initiated both actions. *Id.* In an earlier study, Robert Hahn and Hal Singer found 32 instances of patent disputes that were litigated in both the ITC and in the district courts between 1975 and 1988. *See* Hahn & Singer, *supra* note 3, at 480.

77. *See, e.g.*, *supra* notes 31–34 and accompanying text.

78. Brian Dean Abramson, *A Question of Deference: Contrasting the Patent and Trademark Jurisdiction of the Federal Circuit*, 29 TEMP. J. SCI. TECH. & ENVTL. L. 1, 5 (2010). This deference has also been suggested to anticipate reciprocity in the form of recognition of the Federal Circuit's specialized expertise. *Id.* at 5–6 ("By acknowledging the mastery of the regional circuits over the local law within their bailiwick, the Federal Circuit may signal an expectation that its mastery of its own jurisdiction should be recognized by the regional circuits.").

this recognition is the idea that the judges of the Federal Circuit are patent specialists and that they are not competent to develop their own interpretations of federal law on procedural and other substantive areas of law.[79] But even if the specialized competency of the Federal Circuit was at one point a legitimate basis for deference to regional circuits, the rise of intellectual property litigation in the ITC raises questions as to its legitimacy. From a practical perspective, if the Federal Circuit has sole responsibility for developing doctrine in a range of non-patent substantive and procedural issues in appeals from the ITC, the argument for Federal Circuit deference in appeals from district courts cannot rest simply on issues of competency.

The potential for both conceptual and doctrinal inconsistencies increases with the rise of ITC litigation. As more cases are litigated in the ITC and then appealed to the Federal Circuit, the Federal Circuit's body of law on substantive and procedural issues will grow to include more and more issues on which it defers to regional circuits in district court appeals. With the same issues being litigated in both forums, conceptual inconsistencies are likely to be more visible, and any doctrinal inconsistencies have greater potential to lead to divergent outcomes between the two forums in the same controversy.

II. A CLOSER LOOK AT THE PROBLEM

Part I explained why the conflict between the Federal Circuit's deference regimes has recently emerged as particularly problematic. But the underlying doctrinal structure has existed for decades. In district court appeals, the doctrine is a byproduct of the Federal Circuit's unusual jurisdictional basis. Unlike the other federal courts of appeals, its jurisdiction is geographically unbounded and instead based on subject matter. This leads to unique questions of authority at the district court level. In ITC appeals, the doctrine is a result of the Federal Circuit's application of administrative law, which is frequently idiosyncratic and often deviates from standard jurisprudence.[80] In the following subsections, this Article will discuss the doctrinal structure in appeals

79. *See* Karol, *supra* note 1, at 38. Karol explains:

> [I]t is reasonable to credit the Rule of Deference with contributing to at least the *appearance* that the judges of the Federal Circuit are patent specialists. . . . [T]he Rule suggests that the Federal Circuit is not "competent" to interpret matters of general federal procedure. This can only increase the perception that the Federal Circuit is less capable than other courts of equal standing of handling appeals when it comes to matters outside its supposed area of expertise.

Id. at 38, 39 (emphasis in original).

80. *See* Motomura, *supra* note 2, at 836–37.

from both institutions and highlight exactly how and why they come into conflict.

A. Appeals from District Courts

It may come as a surprise to those unfamiliar with patent law that the Federal Circuit defers to the regional circuit in appeals from district courts. The rest of the federal court system, under the Circuit Court of Appeals Act of 1891,[81] also known as the "Evarts Act," is divided into geographically based regional circuit courts that review the decisions of the lower district courts that fall within their geographic boundaries.[82] Subject to the authority of the U.S. Supreme Court, each of the circuits can independently develop and interpret federal law, with that law being binding on the district courts within it.[83] The Federal Circuit, however, has exclusive jurisdiction of appeals of almost all patent cases in any district court, regardless of the geographic location.[84] For this reason,

81. Circuit Court of Appeals Act of 1891, ch. 517, 26 Stat. 826.

82. Schaffner, *supra* note 1, at 1175 & n.9 (citing 26 Stat. at 826).

83. *Id.* at 1175 (citing 28 U.S.C. §§ 1291, 1294 (1994)).

84. Under the jurisdictional statute, the Federal Circuit, rather than the regional circuit, has appellate jurisdiction of "a final decision of a district court . . . in any civil action arising under, or in any civil action in which a party has asserted a compulsory counterclaim arising under, any Act of Congress relating to patents or plant variety protection." 28 U.S.C. § 1295 (a)(1) (2012). Before the Federal Circuit was created in 1982, district court patent cases could be appealed, like most other cases, to the regional circuit court. Rochelle Cooper Dreyfuss, *The Federal Circuit as an Institution: What Ought We to Expect?*, 43 LOY. L.A. L. REV. 827, 828 (2010). This resulted in significant variation in patent law among the circuits, as well as between the circuit courts, the Court of Customs and Patent Appeals ("CCPA"), and the USPTO. Christopher A. Cotropia, *Determining Uniformity Within the Federal Circuit by Measuring Dissent and En Banc Review*, 43 LOY. L.A. L. REV. 801, 805 (2010). Some jurisdictions were much more pro-patentee than others, leading to widespread forum shopping. *Id.* The variations also meant that there was significant uncertainty in how litigation in various forums would adjudicate the rights of patent owners. Dreyfuss, *supra*, at 828; Cotropia, *supra*, at 805. Meanwhile, the U.S. Supreme Court granted certiorari in very few patent cases, leaving the issues unresolved. *Id.*

To address these problems, as well as the overcrowding of the regional circuits' dockets, Dreyfuss, *supra*, at 838, the Federal Court Improvements Act of 1982 created the Court of Appeals of the Federal Circuit. *See* Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25 (codified as amended in scattered sections of 28 U.S.C.); Cotropia, *supra*, at 804. The Act abolished the CCPA and the upper division of the Court of Claims and moved most of those courts' dockets to the Federal Circuit. Harold C. Petrowitz, *Federal Court Reform: The Federal Courts Improvement Act of 1982—and Beyond*, 32 AM. U. L. REV. 543, 543, 558 (1983). It also gave the Federal Circuit exclusive jurisdiction over a number of different types of intellectual property cases, including, among others, "all appeals of patent cases" from final decisions of district courts or of the Board of Appeals or the Board of Patent Interferences of the Patent and Trademark Office, and review of final determinations of the ITC in § 337 actions. *Id.* at 555–556 (citing 28 U.S.C.A. § 1295(a) (West Supp. June 1982)). The Federal Circuit was also given exclusive jurisdiction over appeals of certain decisions

there is a unique question as to the proper authority in district court patent cases. Should the district court apply the law of the regional circuit court, or should it apply the law of the Federal Circuit? Courts and scholars often refer to this question as "choice-of-law," though that characterization may be somewhat imprecise. The choice is not between two separate lawmaking entities in the traditional sense of the term (typically state and federal) but is rather between two interpretations of federal law. Thus, the question is more accurately described as a choice between independent judgment and deference.[85]

Broadly speaking, the Federal Circuit has adopted a compromise approach between independent judgment and deference, under which it sometimes defers to regional circuit law.[86] Although the exact articulation of the rule of deference can vary, the Federal Circuit typically creates its own law in areas within its exclusive jurisdiction, while deferring to the regional circuit court on other matters.[87] Generally, this means that the Federal Circuit applies its own law for substantive patent issues, but it applies the law of the regional circuit for "procedural matters that are not unique to patent law"[88] and for non-patent substantive federal law, such as copyright and bankruptcy.[89]

In an early definition, the Federal Circuit defined "procedure" as "'the judicial process for enforcing rights and duties recognized by substantive law and for justly administering remedy and redress for disregard or infraction of them'"[90] and "'the machinery for carrying on the suit' or 'the modes of conduct of litigation and judicial business.'"[91] The court said that substantive law, in contrast, "'relates to rights and duties which give rise to a cause of action.'"[92] Since then, the Federal Circuit has used "virtually countless formulations" to describe the

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from courts and boards, dispute resolutions, and agency actions. Rochelle Cooper Dreyfuss, *The Federal Circuit: A Continuing Experiment in Specialization*, 54 CASE W. RES. L. REV. 769, 770 n.2 (2004).

85. Schaffner, *supra* note 1, at 1175 n.8. However, the Federal Circuit's "choice-of-law" doctrine is distinguishable from "deference" in the sense that in the case of Federal Circuit "deference" to regional circuits, it is merely applying regional circuit law, without actually adopting it. In this way the Federal Circuit's deference to regional circuits is more akin to traditional "choice-of-law," where one court may apply another court's law without adopting it.

86. *Id.* at 1178.

87. Abramson, *supra* note 78, at 2–3.

88. Beverly Hills Fan Co. v. Royal Sovereign Corp., 21 F.3d 1558, 1564 (Fed. Cir. 1994).

89. Karol, *supra* note 1, at 4–5. Like other federal courts, the Federal Circuit also applies state law when appropriate.

90. Panduit Corp v. All States Plastic Mfg. Co., 744 F.2d 1564, 1574 n.12 (Fed. Cir. 1984) (per curiam) (quoting Sibbach v. Wilson & Co., 312 U.S. 1, 14 (1941)).

91. *Id.* (quoting Jones v. Erie R.R., 140 N.E. 366, 368 (Ohio 1922)).

92. *Id.*

procedural issues on which it will defer.[93] These formulations generally rely on a judgment of the relative uniqueness of an issue to patent law, though some rely more on bright-line rules, such as the court's description in *Biodex Corp. v. Loredan Biomedical*[94] that its "practice has been to defer to regional circuit law when the precise issue involves an interpretation of the Federal Rules of Civil Procedure or the local rules of the district court."[95]

Given these numerous formulations of the rule, whether the Federal Circuit will defer to the regional circuit court on a particular issue has proven difficult to predict. The Federal Circuit has deemed some procedural issues sufficiently tied to substantive patent law for the court to develop its own law. These include the constitutional due process analysis in determining personal jurisdiction,[96] whether two claims for patent infringement are identical for the purposes of claim preclusion,[97] whether a post-verdict motion is a prerequisite to appellate review of a jury verdict for sufficiency of evidence,[98] and whether a preliminary injunction should be issued.[99] Application of the rule has also been somewhat convoluted with regard to non-patent substantive law, with the Federal Circuit creating its own law in some areas, such as regarding antitrust claims based on the bringing of a patent infringement suit.[100]

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93. McEldowney, *supra* note 1, at 1666.

94. Biodex Corp. v. Loredan Biomedical, Inc., 946 F.2d 850 (Fed. Cir. 1991).

95. *See id.* at 857.

96. *See* Avocent Huntsville Corp. v. Aten Int'l Co., 552 F.3d 1324, 1328 (Fed. Cir. 2008) (quoting Akro Corp. v. Luker, 45 F.3d 1541, 1543 (Fed. Cir. 1995)) ("[W]e apply Federal Circuit law because the [personal] jurisdiction[] issue is 'intimately involved with the substance of the patent laws.'"); Beverly Hills Fan Co. v. Royal Sovereign Corp., 21 F.3d 1558, 1565 (Fed. Cir. 1994); Field, *supra* note 1, at 672–73.

97. *See* Acumed LLC v. Stryker Corp., 525 F.3d 1319, 1323 (Fed. Cir. 2008) (quoting Hallco Mfg. Co. v. Foster, 256 F.3d 1290, 1294 (Fed. Cir. 2001)) (describing whether two claims for patent infringement are identical for the purpose of claim preclusion as a "claim preclusion issue that is 'particular to patent law'").

98. *See Biodex*, 946 F.2d at 858–59 ("The issue at hand, albeit procedural, bears an essential relationship to matters committed to our exclusive control by statute, the appellate review of patent trials.").

99. *See* Hybritech Inc. v. Abbott Labs., 849 F.2d 1446, 1451 n.12 (Fed. Cir. 1988).

> Because the issuance of an injunction pursuant to [§ 283] enjoins 'the violation of any right secured by a patent, on such terms as the court deems reasonable,' a preliminary injunction of this type, although a procedural matter, involves substantive matters unique to patent law and, therefore, is governed by the law of this court.

Id.; *see also* Field, *supra* note 1, at 668–72.

100. *See* Nobelpharma AB v. Implant Innovations, Inc., 141 F.3d 1059, 1068 (Fed. Cir. 1998). The Federal Circuit's decision in *Nobelpharma* was a significant departure from its earlier jurisprudence, which had held that the court would defer to regional circuit law on issues of federal antitrust law. *See generally* HERBERT HOVENKAMP ET AL., IP AND ANTITRUST: AN ANALYSIS OF ANTITRUST PRINCIPLES APPLIED TO INTELLECTUAL

Even when the Federal Circuit has declared that it applies Federal Circuit or regional circuit law on a particular issue, the court does not always follow its own articulated rules.[101]

Despite the unpredictability of the court's articulation and application of these rules, the general outlines can be illustrated by Figure 2 below, which shows the Federal Circuit's relative power as a function of the type of legal question.

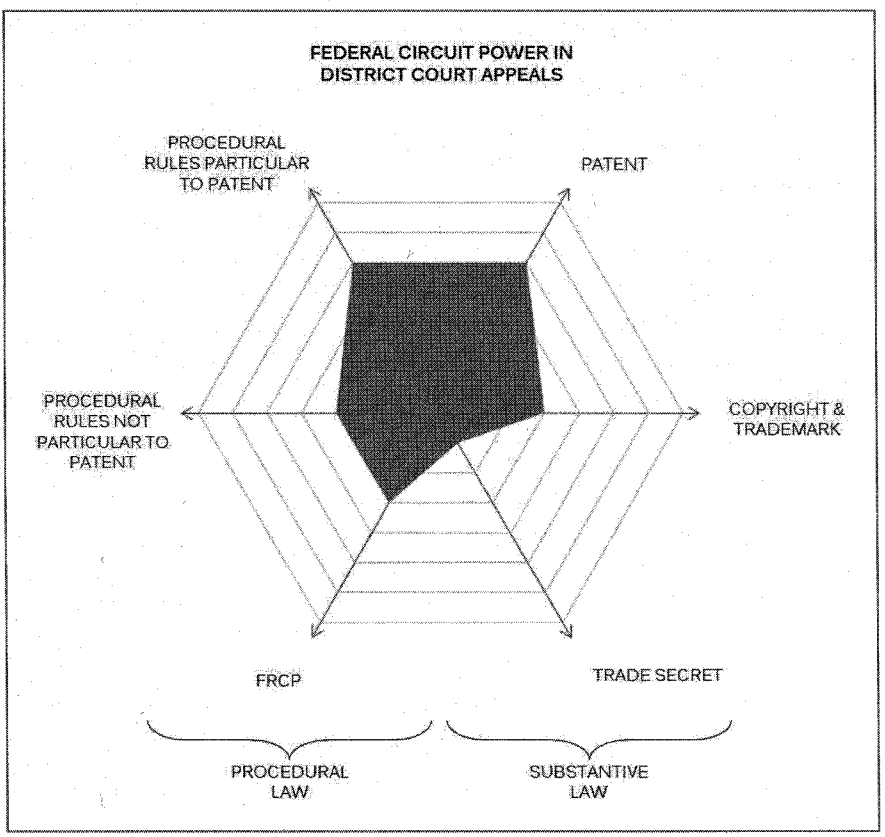

***Figure* 2. Federal Circuit power in district court appeals**

In Figure 2, procedural questions lie on the left, and substantive questions lie on the right. The court's relative power on review (whether it exercises independent judgment or defers) lies along the radial axes for each type of legal question. The areas extending furthest outward along the radial axes—procedural law particular to patent law, and substantive

PROPERTY LAW § 5.3 (2012) (discussing Federal Circuit choice-of-law doctrine regarding antitrust before and after the *Nobelpharma* decision).

101. *See* Field, *supra* note 1, at 654–59.

patent law—represent areas in which the Federal Circuit exercises independent judgment and thus has the most power. The areas lying closer to the center point—other areas of procedural and substantive law—represent areas in which the Federal Circuit defers and thus has less power. In these areas, the Federal Circuit imports law from other circuits (and in some cases from the states),[102] which it then applies to the district courts. Thus, as can be seen in Figure 2, the Federal Circuit is generally powerful with respect to patent-specific law on appeal from district courts, but it is significantly less powerful in other areas.

B. Appeals from the ITC

The contours of the Federal Circuit's power on appeal from the ITC are significantly different from those on appeal from the district courts. Under administrative law doctrine, deference to agencies varies by issue. Policy decisions and exercises of discretion by an agency are given significant deference under the "arbitrary and capricious" standard.[103] Findings of fact during a formal adjudication or rulemaking are reviewed under the "substantial evidence" standard.[104] Findings of fact during informal adjudication or notice-and-comment rulemaking are reviewed under the "arbitrary and capricious" standard.[105]

With respect to determinations of law, for agency interpretations of an unclear statute, the default deference derives from *Skidmore v. Swift & Co.*[106] *Skidmore* deference gives an agency's decision weight based on "the thoroughness evident in its consideration, the validity of its reasoning, its consistency with earlier and later pronouncements, and all those factors which give it power to persuade."[107] However, if Congress has "delegated authority to the agency generally to make rules carrying the force of law, and . . . the agency interpretation claiming deference was promulgated in the exercise of that authority," the agency interpretation of an unclear statute receives greater deference,[108] derived

102. The Federal Circuit addresses trade secret law on appeal from the district courts as a matter of state law. Leggett & Platt, Inc. v. Hickory Springs Mfg., 285 F.3d 1353, 1360 (Fed. Cir. 2002); *see also* TianRui Grp. Co. v. U.S. Int'l Trade Comm'n, 661 F.3d 1322, 1327 (Fed. Cir. 2011). In Figure 2, the import of state law, rather than federal law, is depicted as closer to the center point of the figure than deference to a regional circuit court.

103. *See* 5 U.S.C. § 706(2)(A) (2012).

104. § 706(2)(E).

105. § 706(2)(A).

106. Skidmore v. Swift & Co., 323 U.S. 134 (1944); *see* Benjamin & Rai, *supra* note 2, at 295.

107. *Skidmore*, 323 U.S. at 140.

108. United States v. Mead Corp., 533 U.S. 218, 226–27 (2001).

from *Chevron, U.S.A., Inc. v. Natural Res. Def. Council, Inc.*[109] Granting *Chevron* deference to an agency's interpretation gives the agency significantly more power. When an agency interprets its own regulation, its interpretation is generally granted even more deference, derived from *Auer v. Robbins.*[110] Under *Auer* deference, the agency interpretation receives "controlling weight unless it is plainly erroneous or inconsistent with the regulation."[111]

How these general principles are or should be mapped onto Federal Circuit review of ITC decisions is not entirely straightforward. The analysis is complicated by a web of various kinds of authorities in ITC proceedings, as well as by incomplete discussion by the Federal Circuit of why it is applying certain standards of review, or even what standards of review it is applying. That said, the Federal Circuit has made some explicit statements as to standards of review and the application of administrative law to review of ITC decisions. For instance, the Federal Circuit has explicitly stated that, as dictated by the APA, it reviews the ITC's factual findings under the "substantial evidence" standard.[112] Because a § 337 investigation is a formal adjudication,[113] this is consistent with standard administrative law.

With respect to the ITC's legal determinations, the Federal Circuit has stated that it reviews these de novo[114] and has pointed to the APA as the source of this standard.[115] The Federal Circuit has not explained why application of the APA would dictate the de novo standard. However, in the context of patent law, some scholars have suggested that this is because the ITC assesses whether an article is unlawful under the Patent

109. Chevron, U.S.A., Inc. v. Natural Res. Def. Council, Inc., 467 U.S. 837 (1984).

110. Auer v. Robbins, 519 U.S. 452 (1997).

111. Bowles v. Seminole Rock & Sand Co., 325 U.S. 410, 414 (1945); *see Auer*, 519 U.S. at 461.

112. *See, e.g.*, Tandon Corp. v. U.S. Int'l Trade Comm'n 831 F.2d 1017, 1019 (Fed. Cir. 1987); *see also* Jazz Photo Corp. v. U.S. Int'l Trade Comm'n, 264 F.3d 1094, 1099 (Fed. Cir. 2001); Checkpoint Sys. v. U.S. Int'l Trade Comm'n, 54 F.3d 756, 760 (Fed. Cir. 1995).

113. 19 C.F.R. § 210.36(d) (2014) (providing that § 337 investigations "shall be conducted in accordance with the Administrative Procedure Act (i.e., 5 U.S.C. §§ 554 through 556)").

114. In the context of patent-related legal determinations, see *Gen. Protecht Grp., Inc. v. U.S. Int'l Trade Comm'n*, 619 F. 3d 1303, 1306 (Fed. Cir. 2010); *Spansion, Inc. v. U.S. Int'l Trade Comm'n*, 629 F.3d 1331, 1343 (Fed. Cir. 2010); *Honeywell Int'l, Inc. v. U.S. Int'l Trade Comm'n*, 341 F.3d 1332, 1338 (Fed. Cir. 2003); and *Checkpoint*, 54 F.3d at 760. For examples of Federal Circuit failure to grant any deference to ITC legal determinations related to other areas of intellectual property law, see, for example, *Textron, Inc. v. U.S. Int'l Trade Comm'n*, 753 F.2d 1019 (Fed. Cir. 1985); and *New England Butt Co. v. U.S. Int'l Trade Comm'n*, 756 F.2d 874 (Fed. Cir. 1985).

115. *See, e.g.*, *Gen. Protecht*, 619 F. 3d at 1306.

Act, rather than under § 337.[116] Because the Patent Act is not administered by the ITC, the ITC's interpretations would therefore not receive *Chevron* deference.[117]

Thus, when the Federal Circuit reviews the ITC's determinations of law regarding patents or other areas of intellectual property law, it plays a powerful role by creating and applying Federal Circuit law, without deference to the ITC. The Federal Circuit even creates and applies its own federal common law in review of trade secret issues and non-statutory unfair competition, in contrast to its application of state law on appeal from district courts.[118] In *TianRui Group Co. v. International Trade Commission*,[119] the Federal Circuit explained that federal trade secret law should be applied in § 337 proceedings because whether goods should be excluded is "a distinctly federal concern" and "falls comfortably into both of the categories that have been described as calling for the application of federal common law"—when "'a federal rule of decision is 'necessary to protect uniquely federal interests,'" and when "Congress has given the courts the power to develop substantive law."[120]

Despite the Federal Circuit's general rule that legal determinations are reviewed de novo, the court has granted greater deference for agency interpretations of § 337.[121] For instance, in *Enercon GmbH v. International Trade Commission*,[122] the Federal Circuit granted *Chevron* deference to the ITC's interpretation of the meaning of a "sale for importation" under § 337's prohibition of "importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that infringe

116. 35 U.S.C. §§ 1 to 376 (2012). The Federal Circuit does grant *Chevron* deference to ITC interpretations of § 337. *See infra* notes 121–25 and accompanying text.

117. *See* Kumar, *supra* note 2, at 1562 (citing *Process Patents: Hearing Before the S. Comm. On the Judiciary*, 110th Cong. 86–87 (2007) (statement of John R. Thomas, Professor of Law, Georgetown University); Joel W. Rogers & Joseph P. Whitlock, *Is Section 337 Consistent With the GATT and TRIPS Agreement?*, 17 AM. U. INT'L L. REV. 459, 471 (2002)). For an argument that the Federal Circuit should grant greater deference to the ITC's determinations, see *id.* (arguing that the ITC should be accorded *Chevron* deference on interpretations of patent law).

118. Leggett & Platt, Inc. v. Hickory Springs Mfg. Co., 285 F.3d 1353, 1360 (Fed. Cir. 2002); *see also* TianRui Grp. Co. v. U.S. Int'l Trade Comm'n, 661 F.3d 1322, 1327 (Fed. Cir. 2011).

119. TianRui Grp. Co. v. U.S. Int'l Trade Comm'n, 661 F.3d 1322 (Fed. Cir. 2011).

120. *Id.* at 1327.

121. *See, e.g.*, San Huan New Materials High Tech, Inc. v. U.S. Int'l Trade Comm'n, 161 F.3d 1347, 1357 (Fed. Cir. 1998); Corning Glass Works v. U.S. Int'l Trade Comm'n, 799 F.2d 1559, 1565 (Fed. Cir. 1986).

122. Enercon GmbH v. U.S. Int'l Trade Comm'n, 151 F.3d 1376 (Fed. Cir. 1998).

a valid and enforceable United States patent."[123] Because the ITC administers § 337 of the Tariff Act within the meaning of *Chevron*,[124] such deference to the agency's interpretations is aligned with administrative law doctrine.

Beyond this point, what standard of review the Federal Circuit does or should apply to ITC legal determinations becomes murkier. Section 337 lays out certain procedural guidelines,[125] and the ITC's interpretations of these procedures would seem initially to merit *Chevron* deference, for the reasons explained above.[126] Additional procedures governing § 337 actions are provided by rules similar to the Federal Rules of Civil Procedure (FRCP).[127] These rules governing § 337 actions ("Commission Rules") address issues such as service of process, sanctions, pleadings, motions, summary determinations, discovery, and temporary relief.[128] These rules are promulgated through notice-and-comment rulemaking under 19 U.S.C. § 1335.[129] As such, it would seem initially that they should generally be granted *Chevron* deference.[130] Although the Federal Circuit has not explicitly addressed the deference it gives to the ITC's interpretations of the Commission Rules, under the standard administrative law framework, the Federal Circuit should grant the agency's interpretations *Auer* deference, which is even more deferential than *Chevron* deference.[131] Thus, at least in theory, this would seem to suggest that the ITC has significant control over the

123. *Id.* at 1381–83 (Fed. Cir. 1998) (holding that "the ITC is entitled to appropriate deference to its interpretation of the statute" as "the agency charged with the administration of section 337," and that the ITC's interpretation of "sale for importation" was a reasonable interpretation of § 337 that the court "must uphold under the standards set forth by the Supreme Court in *Chevron*").

124. *See* Kumar, *supra* note 2, at 1570.

125. *See, e.g.*, 19 U.S.C. § 1337(b) (2012) (addressing procedures for investigation by the ITC); 19 U.S.C. § 1337(c) (addressing procedures for determinations and review); 19 U.S.C. § 1337(e) (addressing preliminary relief); 19 U.S.C. § 1337(h) (addressing sanctions for abuse of discovery and abuse of process); 19 U.S.C. § 1337(k) (addressing modification or rescission or exclusion or order).

126. *See supra* notes 108–109 and 121–21 and accompanying text.

127. Daniel F. Solomon, *Summary of Administrative Law Judge Responsibilities*, 31 J. NAT'L ASSOC. ADMIN. L. JUDICIARY 475, 506 (2011).

128. 19 C.F.R. §§ 201.16, 210.1 to 210.79 (2014). The unofficial rules can be found online: *Section 337 Rules*, U.S. INT'L TRADE COMM'N, http://www.usitc.gov/intellectual_property/documents/section337_rules.pdf (last visited Apr. 14, 2015).

129. 19 U.S.C. § 1335 (2012) ("The commission is authorized to adopt such reasonable procedures and rules and regulations as it deems necessary to carry out its functions and duties.").

130. *Cf.* Thomas J. Fraser, *Interpretive Rules: Can the Amount of Deference Accorded Them Offer Insight into the Procedural Inquiry?*, 90 B.U. L. REV. 1303, 1325 (2010) ("[A]n agency would almost certainly get [*Chevron* deference] from a court if it were to promulgate the rule using notice-and-comment rulemaking.").

131. *See supra* note 110–11 and accompanying text.

conduct of its proceedings, with the Federal Circuit playing a less powerful role.

Closer scrutiny, however, reveals that the Federal Circuit in fact may have much more authority to develop procedural law in ITC appeals than it initially appears from the straightforward application of *Chevron* and *Auer*. This is because the Commission Rules bear significant similarities to the FRCP,[132] and indeed, a number are "taken almost verbatim from the Federal Rules of Civil Procedure."[133] Other Commission Rules explicitly incorporate rules from the FRCP by reference,[134] as do some portions of § 337.[135] Even in areas of procedure in which § 337 or the Commission Rules do not copy or reference the FRCP, ALJs often look to the FRCP, or to federal case law interpreting the FRCP, for guidance.[136]

Administrative law doctrines suggest that this pervasive influence of the FRCP on ITC procedure significantly limits the deference that the Federal Circuit should accord to the ITC. Under the U.S. Supreme Court's decision in *Gonzales v. Oregon*,[137] *Auer* deference does not apply to "parroting regulation[s]"—those that merely paraphrase the language of the original statutory language, rather than add an agency's expertise and experience to formulate a regulation.[138] When an interpretation merely copies the words of the statute, the question "is not the meaning of the regulation but the meaning of the statute. An agency does not acquire special authority to interpret its own words when, instead of using its expertise and experience to formulate a regulation, it has elected merely to paraphrase the statutory language."[139] When the Commission Rules directly adopt the federal rules, the ITC is not relying on its own expertise and experience to formulate a regulation. Similarly, when the Commission Rules adopt the substance or significant text verbatim from the FRCP, the agency is making decisions that do not merit *Chevron* deference because such decision-making is not an exercise of agency expertise, even assuming that the formal authority for these decisions is the authority granted to the ITC under § 1335.

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132. Solomon, *supra* note 127, at 506.

133. Thomas R. Rouse, *The Preclusive Effect of ITC Patent Fact Findings on Federal District Courts: A New Twist on* In re Convertible Rowing Exerciser Patent Litigation, 27 LOY. L.A. L. REV. 1417, 1424 (1994); *see also* Atkins & Pan, *supra* note 11, at 112 ("[T]he Commission's Rules of Practice and Procedure . . . are based on the Federal Rules of Civil Procedure."); Cheng, *supra* note 8, at 1155.

134. *See infra* notes 166–68 and accompanying text.

135. *See infra* notes 163–65 and accompanying text.

136. *See infra* Part II.C.2.b(ii)-(iii).

137. Gonzales v. Oregon, 546 U.S. 243 (2006).

138. *Id.* at 257.

139. *Id.*

Thus, when the ITC interprets a rule that parrots the FRCP or incorporates it by reference, the agency's interpretation of the rule should receive only *Skidmore* deference, despite being promulgated under 19 U.S.C. § 1335.[140] Similarly, when § 337 incorporates rules from the FRCP by reference, the ITC's interpretations of the statute should not receive *Chevron* deference. And when ALJs look to the FRCP or to federal case law interpreting the FRCP, these interpretations likewise do not merit expertise-based deference beyond what *Skidmore* requires, and thus the Federal Circuit should again exercise independent judgment on review.[141] Thus, because principles of administrative law suggest that the Federal Circuit should not grant any meaningful deference to the ITC in these situations, the Federal Circuit should have significant power in the development of procedural law in § 337 actions.

The contours of Federal Circuit deference to the ITC discussed thus far are illustrated in Figure 3 below. As in Figure 2, procedural questions fall on the left side of the graph, while substantive questions fall on the right side. The court's relative power on review (whether it exercises independent judgment or meaningfully defers) lies along the radial axes of each type of question, with the Federal Circuit having the most power in the areas extending furthest outward along the radial axes.

140. *Cf. Gonzales*, 546 U.S. at 268. There, the Court reasoned that "[s]ince the Interpretive Rule was not promulgated pursuant to the Attorney General's authority, its interpretation of 'legitimate medical purpose' does not receive *Chevron* deference. Instead, it receives deference only in accordance with *Skidmore*." *Id.*

141. Although *Skidmore* deference is not de novo review, the court is still the ultimate decision-maker, unlike under *Chevron*. *See* JOHN F. DUFFY & MICHAEL HERZ, A GUIDE TO JUDICIAL AND POLITICAL REVIEW OF FEDERAL AGENCIES 131 (2005) (citations omitted) ("Under *Skidmore*, the court independently interprets the statute; the agency's interpretation is one factor among many that will affect its conclusion. Under *Chevron*, the agency is the decision maker; under *Skidmore* the court is.").

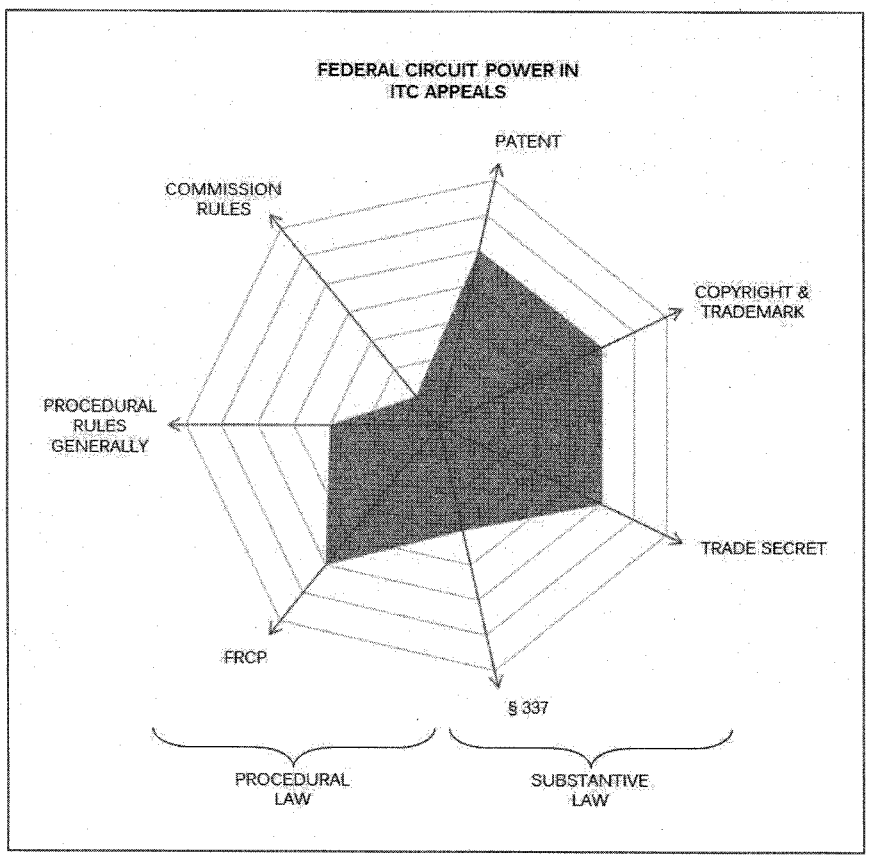

***Figure* 3. Federal Circuit power in ITC appeals**

The figure thus illustrates the court's relative power (i.e., exercise of independent judgment) in the area of substantive intellectual property law, as well as with respect to any of the numerous procedural rules relying on the FRCP. In contrast, the Federal Circuit is less powerful (i.e., defers more to the ITC) in substantive interpretations of § 337, procedural rules generally, and Commission Rules.[142]

C. Comparing Appeals from the Two Institutions

There are some areas of alignment between the Federal Circuit's power in appeals from the district courts and the ITC, and some areas of divergence. The normative analysis of the Federal Circuit's deference regimes is not so simple, though, as suggesting that alignment is

142. *Auer* deference to the ITC's interpretations of its Commission Rules is shown as closer to the center point, reflecting the relatively lesser Federal Circuit power.

desirable and divergence is undesirable. Differences in the Federal Circuit's power alone are not problematic; appellate courts play different roles in reviewing lower courts and in reviewing agencies, and some differences between how the Federal Circuit reviews the ITC and district courts are both expected and desirable.

Thus, the normative desirability of the Federal Circuit's deference regimes depends on the relationship between the two regimes—that is, whether the Federal Circuit defers in both ITC and district court appeals, exercises independent judgment in both, or defers in one but not the other—and whether that combination is appropriate for a particular issue. In some instances, the combination of the deference regimes may be doctrinally inconsistent in that the law applied by the Federal Circuit may be different, in a potentially outcome-determinative way, between an appeal from a district court and an appeal from the ITC. Doctrinal inconsistencies may or may not be desirable, depending on the context and perspective; indeed, our legal system is replete with doctrinal inconsistencies, which are a byproduct of our multi-authority system. However, more problematic is that in some instances, the combination may be conceptually inconsistent—that is, the distribution of power is inconsistent with the principles underlying administrative law, appellate review, or both.

1. Areas of Alignment

a. Exercise of Independent Judgment on Appeal from Both the District Courts and ITC

First, consider the situation in which the Federal Circuit exercises independent judgment on an issue in appeals from both the ITC and the district courts. This means that the Federal Circuit creates its own law on appeal from both institutions and, most likely, applies it uniformly across both institutions upon review. This combination is ideal in areas in which the appellate court has significant expertise, or in which uniformity is highly desirable.

Patent law falls into this area of alignment. As discussed above, the Federal Circuit exercises independent judgment in reviewing substantive patent law matters, whether on appeal from the district courts or the ITC. When reviewing district court decisions, the Federal Circuit creates its own law in areas within its exclusive jurisdiction, which includes substantive patent issues.[143] Similarly, the ITC's patent-related

143. *See supra* Part II.A; *see also* Abramson, *supra* note 78, at 2–3.

determinations are subject to de novo review, rather than being granted *Chevron* deference.[144]

In some ways, it seems appropriate that the Federal Circuit exercises independent judgment with respect to substantive patent issues on appeal from both institutions. The Federal Circuit has developed expertise in patent law, since it hears nearly all patent-related appeals. Further, the Federal Circuit's formation was intended to bring uniformity to patent law, in response to widespread variability in patent law between the circuit courts, and between the circuit courts, CCPA, and the USPTO.[145] Thus, in interpretations of patent law, exercising independent judgment allows the Federal Circuit's approach to be largely doctrinally consistent, and arguably conceptually consistent, between appeals from the district courts and the ITC. Yet, it is worth noting that other commentators have suggested that such consolidation of power may be undesirable and that exercising independent judgment over the ITC on patent issues might be counter to administrative law principles.[146]

b. Deference on Appeal from Both the District Courts and ITC

Next, consider the situation in which the Federal Circuit defers in appeals from both district courts and the ITC. It is important to remember that the meaning of "deference" to each institution is slightly different. When the Federal Circuit defers in appeals from district courts, the Federal Circuit does not create Federal Circuit law at all. Instead, it simply acts as though it were the regional circuit court in deciding these issues. When the Federal Circuit defers in appeals from the ITC, it defers (to the extent dictated by principles of administrative law) to the agency's interpretations in deciding what Federal Circuit law will be. Because the Federal Circuit only creates federal law on appeal from the ITC, the court's own body of federal law is not susceptible to having two conflicting strains within it. However, doctrinal inconsistencies may still exist because different law may be applied in the two types of appeals.

Some procedural law falls into this area of alignment. As a general rule, the Federal Circuit defers on procedural law on appeal from both the district courts and the ITC. Recall that on appeal from the district

144. *See supra* Part II.B; *see also* Kumar, *supra* note 2, at 1566–68 (discussing the lack of *Chevron* deference to the ITC's interpretation of the Patent Act in validity and enforceability decisions).

145. *See* Cotropia, *supra* note 84, at 804–06. *But see* Kumar, *supra* note 2, at 1583–84 (arguing that the Federal Circuit's creation was not intended to bring uniformity to administrative patent decisions).

146. *See generally* Kumar, *supra* note 2 (arguing that the Federal Circuit should grant *Chevron* deference to ITC determinations of patent validity and enforceability).

courts, the Federal Circuit applies the law of the regional circuit for "procedural matters that are not unique to patent law."[147] Thus, in these areas, the Federal Circuit declines to develop its own procedural law, deferring instead to the authority of the other circuits. On appeals from the ITC, the Federal Circuit also defers on procedural law, at least as a general rule. With the significant exception of incorporation or parroting of the FRCP, the ITC's interpretations of the parts of § 337 governing agency procedures should receive *Chevron* deference, and its interpretations of the Commission Rules should receive *Auer* deference.[148]

The areas of alignment between the Federal Circuit's power in appeals from the district courts and the ITC are illustrated in Figure 4 below, which shows an overlay of Figures 2 and 3.[149] The areas of alignment appear as points where the coloring extends the same distance along an axis—either the same short distance (indicating low Federal Circuit power due to deference to another institution) or the same long distance (indicating high Federal Circuit power due to exercise of independent judgment).

147. Beverly Hills Fan Co. v. Royal Sovereign Corp., 21 F.3d 1558, 1564 (Fed. Cir. 1994).

148. *See supra* notes 121–31 and accompanying text.

149. For ease of comparison, the Federal Circuit's power in interpreting § 337 on appeal from the ITC is not included.

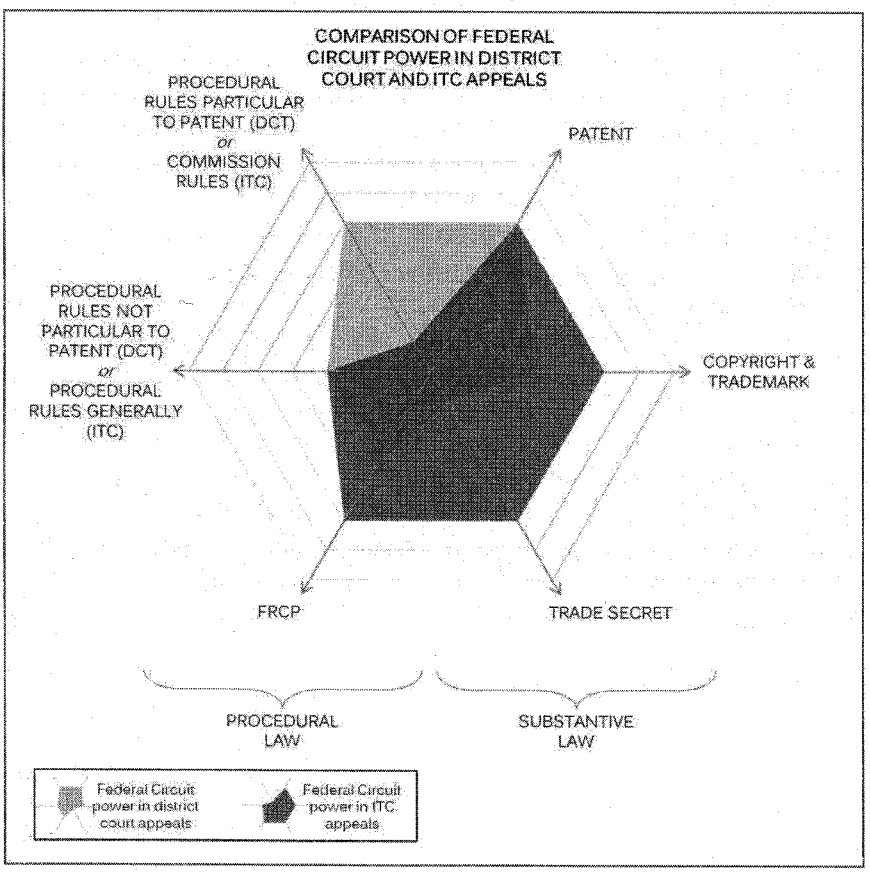

***Figure* 4. Comparison of Federal Circuit power in district court and ITC appeals**

2. Areas of Divergence

a. Deference on Appeal from the ITC But Not from District Courts

In another possible combination of deference regimes, the Federal Circuit might defer to the ITC on an issue, but on appeal from the district courts, exercise independent judgment. In these instances, to the extent that the Federal Circuit deferred to the ITC, it would adopt the agency's views as its own. In a first variation of this combination, the Federal Circuit might adopt the agency's views as its own for all purposes, and thus the agency's view might be imposed on the district courts (that is, doctrinal inconsistencies would not be permitted). In a second variation of this combination, despite the Federal Circuit's deference to the agency in the context of agency review, the Federal Circuit might still develop

its own law in the context of district court review (that is, doctrinal inconsistencies would be permitted).[150]

In many ways, this combination of deference regimes is both expected and desirable, and is conceptually consistent with administrative law doctrines. It reflects the assumption of an agency's greater expertise in dealing with a statute that it administers. Much of administrative law is founded on the premise that an agency is an expert in a particular area, and as such, it is the agency and not the courts that should be making decisions.[151] Thus, in areas in which the agency has expertise, there is a stronger argument for deference to the agency than to the district courts. On the other hand, the second variation of this combination is conceptually inconsistent in that the Federal Circuit would have law from the context of ITC appeals but decline to apply it to district court appeals. In any case, the actual instances of the Federal Circuit deferring on an issue from the ITC and exercising independent judgment on that issue from district courts are limited. Under the deference regimes outlined here, this would likely only occur if an issue specific to ITC proceedings (e.g., certain interpretations of § 337 or Commission Rules) arose in a district court.

b. Deference on Appeal from the District Courts But Not from the ITC

Consider the final combination: when the Federal Circuit exercises independent judgment in appeals from the ITC but defers in appeals from district courts. Because of the difference in what it means for the Federal Circuit to defer on an appeal from the ITC or from a district court, this scenario is not a simple mirror image of the combination above, when the Federal Circuit defers to the ITC but not to the district courts. Above, two variations were possible—one in which the agency's view was imposed on the district courts via the Federal Circuit and one in which it was not. In contrast, when the Federal Circuit defers on appeals from the district courts but not from the ITC, the Federal Circuit does not

150. The second variation is arguably more consistent with the fact that, at least for patent determinations, ITC decisions on patent issues are not binding on district courts. *See* Kumar, *supra* note 2, at 1573. On the other hand, the first variation is arguably more consistent with the U.S. Supreme Court precedent in *Brand X, Nat'l Cable & Telecomms. Ass'n v. Brand X Internet Servs.*, 545 U.S. 967, 982 (2005), in which the U.S. Supreme Court held that an agency's interpretation otherwise entitled to *Chevron* deference is trumped by a court's prior interpretation only if the statute is unambiguous. *Id.*

151. *See generally* JAMES M. LANDIS, THE ADMINISTRATIVE PROCESS (1938), which is described in Matthew C. Stephenson, *Public Regulation of Private Enforcement: The Case for Expanding the Role of Administrative Agencies*, 91 VA. L. REV. 93, 127 n.111 (2005) (describing THE ADMINISTRATIVE PROCESS as "[t]he classic statement" of the agency expertise justification).

adopt the jurisprudence of the regional circuits as its own, but rather, the Federal Circuit simply applies it. As such, there is no Federal Circuit law to impose on the ITC from district court appeals. Thus, the Federal Circuit must create its own, potentially conflicting, jurisprudence for application on appeal from the ITC.

This introduces the possibility of doctrinal inconsistencies—that is, differences in the substance of the law that the Federal Circuit applies in appeals from district courts versus in appeals from the agency. But more importantly, it also generates conceptual inconsistencies. The Federal Circuit develops and applies its own body of law on particular issues on appeal from the ITC, but it declines to apply that law on appeal from the district court, instead deferring to regional circuits. Because the ITC looks frequently to federal court practice, this combination generates conceptually inconsistent and frequently circular deference regimes. It is worth noting that the conceptual inconsistency exists regardless of whether there is a doctrinal inconsistency on a particular issue and, indeed, even if there were no doctrinal inconsistencies on any issue at all.

As shown in Figure 4, this combination occurs for substantive issues regarding non-patent intellectual property law. There, the Federal Circuit creates its own law on appeal from the ITC, while it defers to regional circuit law (or, in the case of trade secret law, state law[152]) on appeal from district courts on these same issues.[153] This diverging combination also occurs for procedural issues in which the ITC turns to the FRCP or to other federal district court procedures. When the Federal Circuit reviews issues of procedural law involving the FRCP on appeal from district courts, it generally defers to regional circuit law.[154] In contrast, as argued above, application of administrative law doctrine

152. *See* TianRui Grp. Co. v. U.S. Int'l Trade Comm'n, 661 F.3d 1322, 1327 (Fed. Cir. 2011); *see also* Viscofan, S.A. v. U.S. Int'l Trade Comm'n, 787 F.2d 544 (Fed. Cir. 1986).

153. Regarding trademark or trade dress, see, for example, *Payless Shoesource, Inc. v. Reebok Int'l*, 998 F.2d 985, 987–88 (Fed. Cir. 1993) and *Tone Bros. v. Sysco Corp.*, 28 F.3d 1192, 1195 (Fed. Cir. 1994); for antitrust, see, for example, *Loctite Corp. v. Ultraseal Ltd.*, 781 F.2d 861, 875 (Fed. Cir. 1985), *overruled on other grounds by* Nobelpharma AB v. Implant Innovations, Inc., 141 F.3d 1059 (Fed. Cir. 1998); for copyright, see, for example, *Chamberlain Grp. v. Skylink Techs.*, 381 F.3d 1178, 1191 (Fed. Cir. 2004); for unfair competition, see, for example, *Cicena Ltd. v. Columbia Telecomms. Grp.*, 900 F.2d 1546, 1148 (Fed. Cir. 1990). For an ITC order explicitly comparing the "choice of law" in ITC and district court appeals, see *Certain TV Programs, Literary Works for TV Production and Episode Guides*, Inv. No. 337-TA-886, USITC Order No. 18, at 12-13 (February 6, 2014). The order discusses how regional circuit copyright law would have applied to the copyright claim had it been filed in district court with a patent claim, but how the ITC's proceeding was instead governed by Federal Circuit copyright jurisprudence. *Id.*

154. *See* Biodex Corp. v. Loredan Biomedical, Inc., 946 F.2d 850, 857 (Fed. Cir. 1991).

suggests that when the Federal Circuit reviews issues of procedural law involving the FRCP on appeal from the ITC, it should apply minimal or no deference.[155]

The conceptual inconsistency in such an arrangement can manifest in peculiar circularities. For example, ITC determinations on these issues sometimes rely on Federal Circuit opinions in which the Federal Circuit deferred to the regional circuit. If these determinations were then appealed to the Federal Circuit, the Federal Circuit would exercise independent judgment in reviewing the regional circuit law to which it had deferred. Several ITC determinations addressing subpoenas provide a concrete example. In determining whether to grant a motion to quash a subpoena, the ITC looks to three factors: "(1) the relevance of the discovery sought; (2) the need of the requesting party; and (3) the potential hardship to the party responding to the subpoena."[156] These are the same factors considered by district courts,[157] and the ITC has cited to Federal Circuit opinions for the test.[158] Yet, in the cited Federal Circuit opinions, the factors are applied explicitly as a matter of regional circuit law. For example, a 1996 ITC determination cited the Federal Circuit's opinion in *Truswal Systems Corp. v. Hydro-Air Engineering, Inc.*[159] for the test governing quashing subpoenas.[160] But in *Truswal*, the Federal Circuit stated that "[a]n order quashing a subpoena is not unique to patent law,"[161] and thus the regional circuit (Eighth Circuit) law should be applied.[162] Troublingly, it seems that had this been appealed to the

155. *See supra* notes 132–41 and accompanying text.

156. Certain Adjustable Keyboard Support Sys. & Components Thereof, Inv. No. 337-TA-670, USITC Order No. 11, 2009 WL 2805215, at *3 (Aug. 26, 2009) (citing Certain Display Controllers & Prods. Containing Same, Inv. No. 337-TA-491, USITC Order No. 17, 2003 WL 22273570, at *2 (Sept. 26, 2003)); *see also* Certain Vaginal Ring Birth Control Devices, Inv. No. 337-TA-768, USITC Order No. 27, 2011 WL 6469935, at *2 (Dec. 16, 2011) (citing the same three factors); Certain Video Game Machs. & Related Three-Dimensional Pointing Devices, Inv. No. 337-TA-658, USITC Order No. 14, 2009 WL 1041376, at *4 (Feb. 27, 2009) (citing the same three factors).

157. *See* Truswal Sys. Corp. v. Hydro-Air Eng'g, Inc., 813 F.2d 1207, 1210 (Fed. Cir. 1987) (citing Heat & Control, Inc. v. Hester Indus., Inc., 785 F.2d 1017, 1024 (Fed. Cir. 1986).

158. *See, e.g.*, Certain Hardware Logic Emulation Systems and Components Thereof, Inv. No. 337-TA-383, USITC Order No. 42, 1996 WL 965375, at *9 (Sept. 6, 1996) (citing Truswal, 813 F.2d at 1210; Heat & Control, 785 F.2d at 1023).

159. Truswal Sys. Corp. v. Hydro-Air Eng'g, Inc., 813 F.2d 1207, 1210 (Fed. Cir. 1987).

160. *See* Certain Hardware Logic Emulation Systems and Components Thereof, 1996 WL 965375, at *9 (citing Truswal, 813 F.2d at 1210; Heat & Control, 785 F.2d at 1023).

161. *Truswal*, 813 F.2d at 1209.

162. *See id.* However, in that case, there was no Eighth Circuit precedent so the court looked to the law of other circuits and the Federal Rules of Civil Procedure. *See id.* The 1996 ITC determination also cited *Heat and Control*, 785 F.2d at 1024. In *Heat and Control*, like in *Truswal*, the Federal Circuit stated that "[o]n questions relating solely to

Federal Circuit, the Federal Circuit would have reviewed de novo the Eighth Circuit law to which it had deferred on appeal from the district court.

There is a risk of invoking this type of circularity any time that ITC determinations point to Federal Circuit cases addressing non-patent substantive law matters, or addressing the FRCP or certain district court procedures, if the ITC is not precise in how it relies on various authorities. Instances of the FRCP's influence on ITC procedure are many, making the possibilities for conceptual inconsistency numerous.

i. Incorporation of the FRCP by Reference

Section 337 itself incorporates by reference several sections of the FRCP. For instance, under § 337(h), sanctions for abuse of discovery or process are directly tied to the federal rules. The statute states that the ITC "may by rule prescribe sanctions for abuse of discovery and abuse of process to the extent authorized by Rule 11 and Rule 37 of the Federal Rules of Civil Procedure."[163] Similarly, § 337(e)(3) states that the ITC "may grant preliminary relief . . . to the same extent as preliminary injunctions and temporary restraining orders may be granted under the Federal Rules of Civil Procedure."[164] Section 337(k) allows the modification or rescission of an exclusion order "on grounds which would permit relief from a judgment or order under the Federal Rules of Civil Procedure."[165]

Like § 337 itself, the Commission Rules promulgated by the ITC also incorporate many rules from the FRCP. The federal rules are incorporated into the Commission Rules regarding discovery sanctions,[166] bonds,[167] and modification or rescission of exclusion

procedural matters, such as this, that do not directly address issues of patent law, the Federal Circuit has consistently held that the policies promoting certainty in the law and stare decisis mandate that the court follow the law of the regional circuit." *Heat & Control*, 785 F.2d at 1022 n.4.

163. 19 U.S.C. § 1337(h) (2012).

164. *Id.* § 1337(e)(3).

165. *Id.* § 1337(k)(2)(B)(ii).

166. *See* 19 C.F.R. § 210.27(d)(4) (2014) ("An appropriate sanction may include an order to pay the other parties the amount of reasonable expenses incurred because of the violation, including a reasonable attorney's fee, to the extent authorized by Rule 26(g) of the Federal Rules of Civil Procedure."); 19 C.F.R. § 210.33(b)(6) ("If a party . . . fails to comply with an order . . . the administrative law judge . . . may . . . [o]rder any other non-monetary sanction available under Rule 37(b) of the Federal Rules of Civil Procedure."). For an example in an ITC order, see *Certain Composite Wear Components & Prods. Containing Same*, Inv. No. 337-TA-644, USITC Order No. 27, 2009 WL 2218710, at *5 (July 17, 2009).

167. *See* 19 C.F.R. § 210.50(d)(3) ("In determining whether to grant the motion [for forfeiture or return of a bond], the administrative law judge and the Commission will be

orders.[168] Moreover, a number of Commission Rules do not reference specific rules from the FRCP, but copy significant portions of their language.[169] Unsurprisingly, when the Commission Rules incorporate rules from the FRCP or copy language from them, ALJs frequently turn for guidance to case law originating from district court litigation[170] and in doing so, introduce the risk of circularities.[171]

ii. Application of the FRCP by ALJs

Furthermore, even when the ITC is not bound to do so by statute or regulation, its ALJs often look to district court procedures,[172] particularly when the Commission Rules do not specifically address a particular situation.[173] For instance, ITC decisions apply Rule 26(b)(3) of the FRCP regarding the attorney work-product privilege[174] and follow

guided by practice under Rule 65 of the Federal Rules of Civil Procedure . . . ."); 19 C.F.R. § 210.70(c) (providing the same guidance for temporary relief bonds); 19 C.F.R. § 210.52(c) (providing the same guidance for "whether to require a bond as a prerequisite to the issuance of temporary relief").

168. *See* 19 C.F.R. § 210.76(a)(2) ("[R]elief may be granted by the Commission with respect to such petition on the basis of new evidence or evidence that could not have been presented at the prior proceeding or on grounds that would permit relief from a judgment or order under the Federal Rules of Civil Procedure.").

169. For example, in 2013 the ITC issued amendments to Commission Rule 210.27 to address discovery of electronically stored information that largely copied the language from the corresponding rule in the FRCP. Paul M. Schoenhard & Stephen J. Rosenman, *New Rules at the ITC Target Efficiency, Require Caution*, 86 PATENT, TRADEMARK COPYRIGHT J. 373, 373–74 (2013). *Compare* 19 C.F.R. § 210.27(c), *with* FED. R. CIV. P. 26(b)(2)(B).

170. *See, e.g.*, Certain Muzzle-Loading Firearms & Components Thereof, Inv. No. 337-TA-777, USITC Pub. 4404, 2011 WL 5479115, at *39 (Aug. 31, 2011) (looking to Rule 65 of the FRCP for guidance regarding whether a bond should be required, and citing a district court opinion, *Int'l Equity Inv., Inc. v. Opportunity Equity Partners*, 441 F. Supp. 2d 552, 566 (S.D.N.Y. 2006), for the placement of the burden of proof).

171. *See supra* notes 156–62 and accompanying text.

172. *Cf.* Certain Indomethacin, Inv. No. 337-TA-183, Commission Opinion at 4 n.8 (USITC June 30, 1988) ("Although Commission practice is not governed by the Federal Rules of Civil Procedure, it often looks to those rules for guidance.").

173. *See, e.g.*, Certain Composite Wear Components and Products Containing Same, Inv. No. 337-TA-644, USITC Order No. 16, 2009 WL 205132, at *1 (Jan. 22, 2009) (internal citations omitted) ("The Commission Rules are not specific with respect to electronic discovery. In such situations, the Commission may look to the Federal Rules of Civil Procedure for guidance.").

174. *See, e.g.*, Certain Ceramic Capacitors & Prods. Containing Same, Inv. No. 337-TA-692, USITC Order No. 16, 2010 WL 1792304, at *2 (Apr. 19, 2010) ("The attorney work-product privilege, as codified under Rule 26(b)(3) of the Federal Rules of Civil Procedure and as applied in Section 337 investigations, protects from discovery documents and other tangible things prepared by a party or its counsel in anticipation of litigation or for trial.").

federal case law regarding the privilege's scope.[175] Similarly, although the Commission Rules regarding pleading affirmative defenses do not incorporate or reference the FRCP,[176] ALJs have held that the pleading standard of FRCP 9(b) applies when a respondent in an investigation asserts certain affirmative defenses, including the often-raised[177] defense of inequitable conduct.[178] As another example, Commission Rule 210.19 regarding intervention in an action provides that the ALJ "may grant the motion [to intervene] to the extent and upon such terms as may be proper under the circumstances,"[179] but the Commission Rules do not give any further guidelines for determining whether intervention is appropriate. To fill the gap, the ITC follows Rule 24 of the FRCP to determine whether intervention is appropriate.[180] Furthermore, even when the ITC

175. *See, e.g.*, Certain Bulk Welding Wire Containers & Components Thereof & Welding Wire, Inv. No. 337-TA-686, USITC Order No. 37, 2010 WL 1792278, at *2–3 (Feb. 22, 2010); Certain Network Controllers & Prods. Containing Same, Inv. No. 337-TA-531, USITC Order No. 15, 2005 WL 5009567, at *1 (July 19, 2005).

176. *See* 19 C.F.R. § 210.13(b) (2014).

177. For district court statistics, see Jason Rantanen, *Recalibrating Our Empirical Understanding of Inequitable Conduct*, 3 IP THEORY 98, 98, 106–108 (2013). The standard for proving inequitable conduct was raised in 2011 by *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1290 (Fed. Cir. 2011) (en banc), resulting in fewer assertions of the defense since then. Rantanen, *supra*, at 106–109.

178. *See, e.g.*, Certain Devices for Mobile Data Commc'n, Inv. No. 337-TA-809, USITC Order No. 11, 2011 WL 6826778, at *3 (Dec. 23, 2011) ("In prior investigations, I have held that the heightened pleading standard required by Rule 9(b) of the Federal Rules of Civil Procedure shall apply when a respondent asserts an affirmative defense of inequitable conduct."); Certain Liquid Crystal Display Devices & Prods. Containing the Same, Inv. No. 337-TA-782, USITC Order No. 8, 2011 WL 4614979, at *2 (Oct. 4, 2011) (stating the same); Certain Notebook Computer Prods. & Components Thereof, Inv. No. 337-TA-705, USITC Order No. 12, 2010 WL 4780159, at *1 (Aug. 18, 2010) (stating the same); Certain Bulk Welding Wire Containers & Components Thereof & Welding Wire, Inv. No. 337-TA-686, USITC Order No. 21, 2009 WL 4757312, at *2 (Dec. 7, 2009). In *Certain Bulk Welding Wire Containers*, the ALJ points to Rule 210.13(b)(3)'s language that the ALJ may "impose additional requirements" "[f]or good cause," discusses the purposes of Rule 9(b), and concludes:

> The . . . purposes of Rule 9(b) are equally important in an ITC hearing, and inequitable conduct should be plead with the same high standard before the Commission as the Federal Circuit requires in the district courts. Therefore, I find that there is good cause to require the heightened pleading requirement of Fed. R. Civ. P. 9(b) when a respondent pleads an affirmative defense of unenforceability based upon inequitable conduct.

Id.

179. 19 C.F.R. § 210.19.

180. *See, e.g.*, Certain Cold Cathode Fluorescent Lamp ("CCFL") Inverter Circuits & Prods. Containing the Same, Inv. No. 337-TA-666, USITC Order No. 15, 2009 WL 2427112, at *4 (July 17, 2009) ("Rule 24 of the Federal Rules of Civil Procedure provides guidance to the Commission in determining whether intervention in a particular investigation is appropriate."); Certain Sucralose, Sweeteners Containing Sucralose, & Related Intermediate Compounds Thereof, Inv. No. 337-TA-604, USITC Order No. 7, 2007 WL 3247997, at *2 (July 25, 2007) ("The Commission generally follows the Federal Rules of Civil Procedure in determining whether intervention in a particular

might not otherwise apply rules from the FRCP, the parties may agree that certain procedures will be governed by federal practice.[181] Again, when the ITC looks to district court procedures in these instances, it is not uncommon for it to also look to the corresponding case law[182] and, as a result, introduce the potential for circularity.

iii. Guidance from the FRCP

Even when ALJs do not directly apply rules from the FRCP, and neither statutes nor rules dictate it, they frequently turn to the FRCP and associated case law for guidance. For example, ITC initial determinations have stated that summary determination is "analogous to Rule 56 of the Federal Rules of Civil Procedure"[183] and relied directly on the case law establishing the standards and burden-shifting schemes used in district courts.[184] They have also looked to the FRCP with respect to electronic discovery.[185] Similarly, while the portions of the FRCP

matter is appropriate."); Certain Baseband Processor Chips & Chipsets, Transmitter & Receiver (Radio) Chips, Power Control Chips, & Prods. Containing Same, Including Cellular Tel. Handsets, Inv. No. 337-TA-543, USITC Order No. 27, 2006 WL418762, at *2 (Feb. 15, 2006) (stating the same).

181. *See, e.g.*, Certain Multimedia Display & Navigation Devices & Sys., Components Thereof, & Prods. Containing the Same, Inv. No. 337-TA-694, USITC Order No. 11, 2010 WL 575753, at *3 (Feb. 12, 2010) ("By agreement of the parties, resolution of any issues related to claims that privileged documents and/or information have been inadvertently disclosed shall be governed by the procedures set forth in Rule 26(b)(5)(B) of the Federal Rules of Civil Procedure."); Certain Variable Speed Wind Turbines & Components Thereof, Inv. No. 337-TA-641, USITC Order No. 9, 2008 WL 3990875, at *3 (Aug. 26, 2008) (stating the same); Certain Lighting Control Devices Including Dimmer Switches and/or Switches & Parts Thereof, Inv. No. 337-TA-599, USITC Order No. 5, 2007 WL 1571047, at *1 (May 24, 2007) (stating the same).

182. *See, e.g.*, Certain Devices for Mobile Data Commc'n, Inv. No. 337-TA-809, USITC Order No. 11, 2011 WL 6826778, at *3 (Dec. 23, 2011) (citing Ferguson Beauregard/Logic Controls, Inc. v. Mega Sys., LLC, 350 F.3d 1327, 1344 (Fed. Cir. 2003); Exergen Corp. v. Wal-Mart Stores, Inc., 575 F.3d 1312, 1326–27, 1328–29 (Fed. Cir. 2009); Therasense, Inc. v. Becton, Dickinson & Co., 649 F.3d 1276, 1291 (Fed. Cir. 2011) (en banc)) (discussing the pleading standards in district court).

183. Certain Integrated Circuits, Chipsets, & Prods. Containing Same Including Televisions, Media Players, & Cameras, Inv. No. 337-TA-709, USITC Order No. 34, 2011 WL 140501, at *1 (Jan. 5, 2011).

184. *See id.*; Certain Rubber Antidegradants, Antidegradant Intermediates, & Prods. Containing the Same, Inv. No. 337-TA-652, USITC Order No. 9, 2008 WL 5208701, at *16 (Sept. 12, 2008). ALJs have also described Rule 11 as analogous to Commission Rule 210.4. *See* Certain Point of Sale Terminals & Components Thereof, Inv. No. 337-TA-524, USITC Order No. 63, 2007 WL 506522, at *10 (Feb. 6, 2007) (describing and relying on case law regarding Rule 11 to determine whether sanctions were appropriate).

185. *See, e.g.*, Certain Cold Cathode Fluorescent Lamp ("CCFL") Inverter Circuits & Prods. Containing the Same, Inv. No. 337-TA-666, USITC Order No. 28, 2009 WL 3155263, at *3 (Sept. 16, 2009) (internal citations omitted) ("The Commission Rules are not specific with respect to electronic discovery. In such situations, the Commission may look to the Federal Rules of Civil Procedure for guidance.").

governing subpoenas in federal district courts "do not strictly apply to [ITC] subpoena practice under rule 210.32, administrative law judges and parties have looked to federal cases interpreting Federal Rule of Civil Procedure 45 at times for guidance."[186]

As argued above, administrative law principles suggest that the Federal Circuit should exercise independent judgment on review—either reviewing de novo or granting *Skidmore* deference—when the ITC has interpreted portions of § 337 or the Commission Rules that incorporate the FRCP, or when the ITC has looked to the FRCP or associated case law in making a decision. This, in turn, means that the Federal Circuit would be exercising independent judgment in interpreting the relevant portions of the FRCP.[187] In contrast, the Federal Circuit defers to regional circuits on these same rules of the FRCP on appeal from district courts. For instance, in district court appeals, the Federal Circuit has explicitly stated that it defers to regional circuit law on the propriety of imposing sanctions under Rule 37[188] and under Rule 11.[189] It has similarly stated that it defers to regional circuit law when reviewing district court rulings under Rule 60(b) to relieve a party from a final judgment.[190] The Federal Circuit also defers when reviewing the denial of a motion to intervene,[191] and when reviewing an order quashing a subpoena.[192] Indeed, although the Federal Circuit has not had an opportunity to explicitly address whether it will defer to regional circuit law on each particular portion of the FRCP adopted by the ITC, the Federal Circuit has made the blanket statement that it defers on all

186. Certain Adjustable Keyboard Support Sys. & Components Thereof, Inv. No. 337-TA-670, USITC Order No. 11, 2009 WL 2805215, at *2 n.5 (Aug. 26, 2009) (citing Certain Lens-Fitted Film Packages, Inv. No. 337-TA-406, USITC Order No. 12, 1998 WL 797935 (Aug. 20, 1998); Certain Recordable Compact Discs & Rewritable Compact Discs, Inv. No. 337-TA-474, USITC Order No. 9, 2002 WL 31939110, at *2 (Dec. 23, 2002).

187. *See supra* notes 132–41 and accompanying text.

188. *See, e.g.*, Advanced Display Sys., Inc. v. Kent State Univ., 212 F.3d 1272, 1288 (Fed. Cir. 2000) (citing Seal-Flex Inc. v. Athletic Track & Court Constr., 172 F.3d 836, 845 (Fed. Cir. 1999)); DH Tech., Inc. v. Synergystex Int'l, 154 F.3d 1333, 1343 (Fed. Cir. 1998).

189. *See, e.g.*, Abbott Labs. v. Brennan, 952 F.2d 1346, 1351 n.3 (Fed. Cir. 1991), *cert denied*, 505 U.S. 1205 (1992); Refac Int'l v. Hitachi, Ltd., 921 F.2d 1247, 1253–54 (Fed. Cir. 1990).

190. *See, e.g.*, Am. Standard, Inc. v. Harden Indus., No. 91-1391, 1992 WL 175956, at *2 (Fed. Cir. July 28, 1992) (applying Ninth Circuit law); Amstar Corp. v. Envirotech Corp., 823 F.2d 1538, 1550 (Fed. Cir. 1987) (applying Tenth Circuit law).

191. *See, e.g.*, Haworth, Inc. v. Steelcase, Inc., 12 F.3d 1090, 1092 (Fed. Cir. 1993).

192. *See* Heat & Control, Inc. v. Hester Indus., Inc., 785 F.2d 1017, 1022 n.4 (Fed. Cir. 1986); *see also* Truswal Sys. Corp. v. Hydro-Air Eng'g, Inc., 813 F.2d 1207, 1209 (Fed. Cir. 1987).

interpretations of the FRCP.[193] Therefore, it is reasonable to assume that if the issues arose on appeal from a district court, the Federal Circuit would indeed defer on the vast majority, if not all, of the rules.

iv. Other Procedural Issues

The Federal Circuit's power, in addition to diverging on procedural issues involving the FRCP, diverges on other procedural issues not directly addressed by § 337 or the Commission Rules. On these issues, like those involving the FRCP, the Federal Circuit is likely to exercise independent judgment on appeal from the ITC but defer to the regional circuits on appeal from district courts. One such example is attorney disqualification. When this issue has arisen in the ITC, the ITC has looked to the Model Rule of Professional Conduct 1.7[194] to determine whether attorneys should be disqualified.[195] It seems likely that if the Federal Circuit were to review a § 337 determination involving this issue, it would exercise independent judgment rather than defer to the ITC. In contrast, on appeal from district courts, the Federal Circuit defers, reviewing disqualification under regional circuit law.[196] Another example of the Federal Circuit's divergence on procedural issues is illustrated in the Genentech cases discussed above.[197] When the Federal Circuit addresses the scope of attorney-client privilege on appeal from the ITC, it does not appear to defer to the ITC and thus creates Federal

193. *See, e.g.*, Wexell v. Komar Indus., 18 F.3d 916, 919 (Fed Cir. 1994) ("This court applies the law of the pertinent regional circuit when the precise issue to be addressed involves an interpretation of the Federal Rules of Civil Procedure."); Biodex Corp. v. Loredan Biomedical, Inc., 946 F.2d 850, 857 (Fed. Cir. 1991) (describing the Federal Circuit's practice as having "been to defer to regional circuit law when the precise issue involves an interpretation of the Federal Rules of Civil Procedure or the local rules of the district court").

194. MODEL RULES OF PROF'L CONDUCT R. 1.7 (2013).

195. *See, e.g.*, Certain Electronic Imaging Devices, Inv. No. 337-TA-726, USITC Order No. 6, 2010 WL 4786589, at *3 (Sept. 1, 2010) ("In recent years, the Commission has looked to the ABA Model Rules of Professional Conduct for guidance in determining whether to disqualify counsel.") (citing Certain Baseband Processor Chips & Chipsets, Transmitter & Receiver (Radio) Chips, Power Control Chips, & Prods. Containing Same, Including Cellular Telephone Handsets, Inv. No. 337-TA-543, USITC Order No. 29, 2006 WL 739660, at *9 (March 9, 2006); Network Interface Cards & Access Points for Use in Direct Sequence Spread Spectrum Wireless Local Area Networks & Prods. Containing Same, Inv. No. 337-TA-455, USITC Order No. 26, 2001 WL 893287, at *4 (Aug. 2, 2001)).

196. *See* Atasi Corp. v. Seagate Tech., 847 F.2d 826, 829 (Fed. Cir. 1988); *see also* Picker Int'l Inc. v. Varian Assocs., 869 F.2d 578, 580–81 (Fed. Cir. 1989); Telectronics Proprietary, Ltd. v. Medtronic, Inc., 836 F.2d 1332, 1338 (Fed. Cir. 1988).

197. *See supra* notes 44–73 and accompanying text.

Circuit law, while on appeal from the district courts, it largely defers to regional circuit court law.[198]

III. IMPLICATIONS: MUTUALLY UNSTABLE REGIMES

As described above, there are both areas of alignment and divergence between the Federal Circuit's deference regimes on appeal from the district courts and the ITC. Neither alignment nor divergence alone is necessarily problematic, but in some areas of law, the conceptual inconsistency between the Federal Circuit's role on appeal from the ITC and district courts indicates uncertainty or ambivalence about the proper role of the Federal Circuit in developing law outside its core area of expertise. On the one hand, its deference in appeals from district courts seems to reflect a view of the Federal Circuit as having limited competency outside of patent law. But on the other hand, the court's control over similar issues in the ITC undermines this traditional explanation for Federal Circuit choice-of-law doctrine, and suggests that the Federal Circuit may in fact be competent to supervise the district courts on these issues. It seems suspect that the Federal Circuit would lack the institutional competence to decide these issues on appeal from district courts, but at the same time it would be competent to do so on appeal from the ITC. This dichotomy seems particularly suspect given the general assumption, reflected in the Administrative Procedure Act and throughout administrative law, that agencies are specialized institutions that should receive greater deference.[199] Moreover, even if Federal Circuit deference to regional circuits is justified by reasons other than lack of institutional competence, the circularities generated by the combined regimes suggests that they are mutually unstable.

This Part proposes one possible approach to help harmonize these two regimes, with the caveat that there may be no simple fix to this mutual instability and that any complete solution would surely merit an article of its own. Any changes to how the Federal Circuit reviews the ITC or the district courts would have reverberating effects, and thus, it may be impossible to harmonize the deference regimes without fundamentally altering other principles of appellate or administrative

198. *Compare* Genentech, Inc. v. U.S. Int'l Trade Comm'n, 122 F.3d 1409, 1418 (Fed. Cir. 1997), *with In re* Regents of Univ. of Cal., 101 F.3d 1386, 1390 n.2 (Fed. Cir. 1996). But the Federal Circuit does not defer on all issues involving attorney-client privilege. *See, e.g.*, *In re* Spalding Sports Worldwide, Inc., 203 F.3d 800, 804 (Fed. Cir. 2000) ("[W]hether the invention record is protected by the attorney-client privilege . . . clearly implicates substantive patent law."). *See generally* Field, *supra* note 1, at 652 (discussing the Federal Circuit's inconsistent approach to choice-of-law in attorney-client privilege).

199. *See, e.g.*, United States v. Mead Corp., 533 U.S. 218, 234–35 (2001).

review as they apply in intellectual property cases. Moreover, even if any change could in theory resolve the mutual instability, the implementation of any such change by judges or Congress might be unrealistic to expect, for practical or political reasons. That said, the particular combination proposed here is a starting point for thinking about how to stabilize the regimes in relation to each other, while taking into account comparative institutional competence, uniformity and forum shopping, and practical considerations for litigators.

A. Substantive Law: Increased Deference to the ITC

On issues of substantive law, the conflict between deference regimes could be addressed by the Federal Circuit granting greater deference to the ITC. If this were the case, the Federal Circuit would defer on non-patent substantive issues on appeal from both the ITC and the district courts, while on patent issues, it would defer on appeal from the ITC and use independent judgment on appeal from the district courts. Although a full analysis of whether the Federal Circuit can or should grant *Chevron* deference to the ITC's substantive determinations is beyond the scope of this Article, there is a reasonable argument that such deference would be not only doctrinally permissible, but also desirable for certain normative reasons beyond the inconsistencies outlined here.

Under the U.S. Supreme Court's 2001 decision in *United States v. Mead Corp.*,[200] *Chevron* deference applies when the agency has been delegated power to administer a statute through rulemaking or adjudication, and the agency action is an exercise of that authority.[201] In the context of the ITC's patent validity and enforceability determinations under § 337, Sapna Kumar has previously argued that the determinations meet the first criteria of *Mead* because § 337(c) states that determinations of exclusion "shall be made on the record after notice and opportunity for a hearing in conformity with the [APA]," which are the "magic words" designating formal adjudication under §§ 556 and 557 of the APA.[202]

If the ITC's determinations under § 337 meet the delegation criteria of *Mead*, the next question is whether the ITC's substantive law decisions are made under § 337. For patent validity and enforceability determinations, Kumar argues that these decisions are made under the Tariff Act, making them eligible for *Chevron* deference.[203] If patent

200. United States v. Mead Corp., 533 U.S. 218 (2001).

201. *Id.* at 226–31; City of Arlington v. FCC, 133 S. Ct. 1863, 1874 (2013).

202. *See* Kumar, *supra* note 2, at 1569.

203. *See id.* at 1573–75. If these decision were instead made under the Patent Act, they would be ineligible for *Chevron* deference. *See id.* at 1569–75. This would be the case even if the ITC were found to "administer" the Patent Act, since the USPTO also

determinations are made under § 337, then other determinations, such as those regarding copyright and trademark, seemingly should be, too. One possible counterpoint to this argument, however, is that there is a structural difference between how § 337 references patents and these other intellectual property rights. Whereas § 337 does not explicitly reference the Patent Act, it does explicitly reference the Copyright Act and Trademark Act.[204] Furthermore, in contrast to patent determinations by the ITC, non-patent intellectual property determinations do have preclusive effect on courts.[205] Kumar argues that the failure of ITC patent determinations to bind federal courts suggests that they are distinct from interpretations of the Patent Act;[206] thus, following this logic, ITC determinations related to other rights might be made under their respective statutes, rather than under the Tariff Act.

Assuming a doctrinal case for *Chevron* deference can be made for non-patent substantive determinations, the normative argument is just as strong, if not stronger, than in the case of patent determinations. The most commonly cited rationales for *Chevron* deference to agencies' interpretations of statutes include agencies' greater expertise, congressional intent for such deference, congressional intent to delegate legislative power, and the greater political accountability of agencies than courts.[207] Kumar argues that *Chevron* deference to the ITC's patent validity and enforceability determinations is normatively desirable because the ITC is better at fact-finding and is politically accountable; and furthermore, because although both the ITC and Federal Circuit are somewhat specialized with respect to patent law, the ITC is particularly knowledgeable regarding a narrow range of technologies that are repeatedly litigated in the ITC.[208]

In the context of the ITC's non-patent intellectual property determinations, these arguments regarding fact-finding and political accountability apply equally well. If the Federal Circuit defers to regional circuits on these issues on appeal from the district courts, the ITC's comparative institutional competence in non-patent law is even greater than it is in patent law. While the ITC sees fewer cases involving

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administers the Patent Act; neither agency would then be eligible for *Chevron* deference. *See id.* at 1569–70.

204. *See* 19 U.S.C. § 1337(a)(1)(B)(i), (C) (2012); Kumar, *supra* note 2, at 1577.

205. *See* Kumar, *supra* note 2, at 1573 & n.133.

206. *See id.* at 1573–75.

207. *See* Note, *Justifying the* Chevron *Doctrine: Insights from the Rule of Lenity*, 123 HARV. L. REV. 2043, 2045–48 (2010). The Note argues that the last rationale is the only one that adequately justifies the doctrine. *See id.* at 2048.

208. *See* Kumar, *supra* note 2, at 1586.

non-patent intellectual property rights than patent rights,[209] it still has more independent experience than a Federal Circuit that defers.

Although there are reasons why *Chevron* deference might be desirable and doctrinally permissible, there would surely be hurdles in implementing this in practice. The Federal Circuit would be unlikely to grant *Chevron* deference to the ITC on either patent or non-patent issues, given its historical resistance to giving either the USPTO or ITC the deference typically accorded to agencies under administrative law.[210] But if such a change could be implemented, doing so would help resolve the inconsistencies between the deference regimes in appeals from the ITC and district courts on substantive issues, and would be better aligned with administrative law jurisprudence in reflecting the assumption of an agency's greater expertise.

B. Procedural Law: Undermining the Justifications for Deference

For procedural rules involving the FRCP, it would be counter to the underlying principles of administrative law to grant deference to the ITC's interpretation of the federal rules. Instead, the conflict between the deference regimes could be addressed by no longer deferring to regional circuits. If the Federal Circuit exercised independent judgment on procedural matters in district court appeals, the inconsistencies described above involving procedural deference would be avoided.

This effect is illustrated by a procedural issue on which the Federal Circuit has already determined that it does not defer to regional circuits: preliminary injunctions. In the ITC, a complainant can make a request for temporary relief under § 337(e) or (f).[211] Under § 337(e)(3), the ITC can grant temporary relief to "the same extent as preliminary injunctions and temporary restraining orders may be granted under the Federal Rules of Civil Procedure."[212] The regulations in 19 C.F.R. § 210.52 further specify that the ITC determines whether to grant temporary relief by

> apply[ing] the standards the U.S. Court of Appeals for the Federal Circuit uses in determining whether to affirm lower court decisions granting preliminary injunctions. The motion for temporary relief accordingly must contain a detailed statement of specific facts bearing on the factors the Federal Circuit has stated that a U.S. District Court must consider in granting a preliminary injunction.[213]

209. *See supra* note 26.
210. *See* Kumar, *supra* note 2, at 1566–68; Motomura, *supra* note 2, at 857.
211. 19 U.S.C. § 1337(e)–(f) (2012).
212. *Id.* § 1337(e)(3).
213. 19 C.F.R. § 210.52(a) (2014).

If the Federal Circuit treated the grant of a preliminary injunction as a procedural matter for which it applied regional circuit law, the ITC regulations would invoke a circularity similar to that discussed above regarding motions to quash subpoenas.[214] That is, the regulations require the ITC to apply the standards used by the Federal Circuit in district court appeals. But if the Federal Circuit deferred to the regional circuit, there would be no such "Federal Circuit" standard for the ITC to apply. And if the Federal Circuit reviewed an ITC decision, it presumably would be reviewing de novo the regional circuit law to which it had deferred in reviewing lower court decisions. This potential circularity, however, is avoided because the Federal Circuit applies its own law in reviewing district court decisions regarding preliminary injunctions.[215] If the Federal Circuit similarly developed its own law on the other procedural issues described above, the conflicts and potential circularities would be avoided.[216]

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214. *See supra* notes 156–62 and accompanying text.

215. Chrysler Motors Corp. v. Auto Body Panels of Ohio, Inc., 908 F.2d 951, 952–53 (Fed. Cir. 1990) (reasoning that the court "treat[s] the application of the factors—that is, the determination of whether a preliminary injunction should be granted or denied—as a procedural issue" to which the court applies the law of the Federal Circuit because "when the question on appeal is one involving substantive matters unique to the Federal Circuit, we apply to related procedural issues the law of this circuit").

However, the actual procedure by which a preliminary injunction is granted is not determined under Federal Circuit law. In *Chemlawn Services Corp. v. GNC Pumps, Inc.*, GNC Pumps appealed an order of the United States District Court for the Southern District of Texas granting Chemlawn a preliminary injunction. Chemlawn Servs. v. GNC Pumps, Inc., 823 F.2d 515, 515 (Fed. Cir. 1987). The Federal Circuit reversed the preliminary injunction because "it was not properly supported by findings of fact and conclusions of law as required by FED.R.CIV.P. 52(a)." *Id.* In reviewing the district court's grant of the preliminary injunction, the Federal Circuit said that the issue under Rule 52(a) concerning whether the preliminary injunction was accompanied by the appropriate findings of fact and conclusions of law constituted a procedural issue, and therefore, the Federal Circuit deferred to the law of the Fifth Circuit. *Id.* at 517.

216. There are other examples of procedural issues where the Federal Circuit applies its own law, *see, e.g.*, *supra* notes 96–99, and the Federal Circuit seems to be becoming more aggressive in doing so. *See* HOVENKAMP ET AL., *supra* note 100, at § 5.3. Not all of the issues, however, can also arise in the ITC.

This Article is not the first to question the Federal Circuit's deference to regional circuits on procedural matters. The rule and its application have been sharply critiqued for its uncertainty: it has been described as "seemingly straight-forward" but "elusive in practice." Moore, *supra* note 1, at 800. The Federal Circuit's numerous formulations of the rule have been cited as evidence of the rule's ill-definition. *See* McEldowney, *supra* note 1, at 1646–47; *see also* Charles L. Gholz, *Choice of Law in the United States Circuit Court of Appeals for the Federal Circuit*, 13 AIPLA Q.J. 309, 315 (1985) (predicting that there would be a "great deal of avoidable uncertainty in at least the near term" while the Federal Circuit categorized issues as those on which the court would defer or not).

Further, the outcome of applying any particular formulation of the rule can depend on how narrowly or broadly the court defines the issue. *See* Field, *supra* note 1, at 652 (arguing that the Federal Circuit can manipulate whether it applies its own law or regional circuit law under its choice-of-law rules simply by defining the issue more

Ending Federal Circuit deference to regional circuits on procedural matters is particularly appealing because increases in ITC litigation not

broadly or more narrowly); HOVENKAMP ET AL., *supra* note 100, at § 5.3 (discussing how the Federal Circuit has reached disparate outcomes regarding deference on antitrust issues by defining them more broadly or narrowly); Schaffner, *supra* note 1, at 1178, 1201 (criticizing the court for treating some issues as unique to patent *law* that are in fact unique to patent *litigation* and for treating some issues as related to substantive patent law when they are actually only factual matters). Moreover, in some instances the Federal Circuit appears to fail to follow its own articulation of the rule, even ignoring the existence of the rule altogether. *See* Field, *supra* note 1, at 650–68. The effects of the rule have also been critiqued as limiting the Federal Circuit's ability to provide uniformity and to exercise independent judgment, as well as encouraging forum shopping. *See, e.g.*, Gholz, *supra*, at 314 (arguing that the doctrine would "revive the forum shopping that creation of the Federal Circuit was designed to eliminate" because lawyers would try to litigate in district courts within circuits with the most favorable law on issues on which the Federal Circuit would defer); Schaffner, *supra* note 1, at 1178 (arguing that the doctrine "too severely limits the independent judgment" of the court and "inhibits the court's ability to provide uniform guidance to patent policy and the patent-related business activities of litigants," while the doctrine simultaneously allows the court to "exercise independent judgment too broadly over certain procedural issues given the interests of the regional courts").

These same scholars have also suggested a range of possible revisions to the Federal Circuit's rule of deference, including several proposals for new tests by which to determine whether the Federal Circuit should defer on an issue or not. *See, e.g.*, McEldowney, *supra* note 1, at 1675 (proposing that the Federal Circuit determine whether to defer to regional circuits by placing procedural issues on an "essential relationship spectrum" and only apply its own law on issues that "directly affect[] the predictability of validity and infringement interpretations"); Schaffner, *supra* note 1, at 1210 (proposing that the Federal Circuit apply its own law for "all legal issues that either (1) impact upon the patent-related primary activity of the parties or (2) relate to patent policy and thus invoke the expertise of the Federal Circuit's judgment"). Other scholars instead argue that the rule should simply be dropped and that the Federal Circuit should, like every other circuit court, be bound only by its own precedent and U.S. Supreme Court precedent. Most commentators making such an argument have done so with respect to procedural issues. *See, e.g.*, Field, *supra* note 1, at 646 ("[T]he Federal Circuit should apply its own law to all procedural issues, regardless of whether these issues are related to substantive patent law."); Karol, *supra* note 1, at 2, 27 (proposing that "the Federal Circuit cast the Rule aside and join its sister circuits in explicating federal procedure as such issues arise in the cases before the court" because the court should not be allowed to "systematically refus[e] to interpret a question of federal law presented before it, regardless of its appellate jurisdiction to review the issue"); Moore, *supra* note 1, at 801 ("I find the Federal Circuit's current choice of law rules unsatisfying and believe this avenue is ripe for further research into whether a blackletter rule—wherein Federal Circuit law would apply to all procedural issues in patent cases—might be superior to the current choice of law rules."). However, at least one scholar has suggested that the rule be dropped with respect to both procedural and substantive issues. *See* Gholz, *supra*, at 317. Gholz recommends that Congress add a new section to Title 28 to address Federal Circuit choice-of-law. The new section would state that in patent cases appealed to the Federal Circuit:

> [N]either the district court nor the United States Court of Appeals for the Federal Circuit shall be bound by the law of the regional circuit court in whose circuit the district court is located as to either patent or non-patent issues of Federal law and as to either substantive or procedural Federal law.

Id.

only make the inconsistencies between deference regimes more apparent, but also undermine some of the primary justifications for regional circuit deference in the first place. The traditional justifications for deference to regional circuits fall into two categories, broadly speaking: those related to the Federal Circuit's specialized competency and those related to doctrinal uniformity—both of which are made less persuasive by increased litigation in the ITC.

1. Specialized Competency

The Federal Circuit's deference to the regional circuits on matters not closely related to its exclusive jurisdiction has been suggested to reflect the Federal Circuit's lesser competence with respect to those areas of law.[217] In one of the first cases in which the Federal Circuit articulated this deference rule, the court reasoned that independent judgment over non-patent issues might "usurp for itself a broad guiding role for the district courts beyond its mandate to contribute to uniformity of the substantive law of patents."[218] This reflects the general view sometimes taken that the Federal Circuit, as a court with more specialized jurisdiction, has in turn more specialized expertise that should limit its power outside that specialization.

Despite the court's own articulation of this view, such a presumption of Federal Circuit incompetency is contrary to Congressional intent at the time of the court's creation, as evidenced by the legislative history and by the court's diverse docket.[219] Furthermore, even if any specialized competency of the Federal Circuit could have been a legitimate justification for deference to regional circuits at one

217. *See supra* notes 78–79.

218. Atari, Inc. v. JS & A Grp., Inc., 747 F.2d 1422, 1438 (Fed. Cir. 1984), *overruled by* Nobelpharma AB v. Implant Innovations, Inc., 141 F.3d 1059 (Fed. Cir. 1998). Note that the application of regional circuit law in *Atari* involved a non-patent substantive issue, not a procedural issue–the Federal Circuit deferred to Seventh Circuit law regarding copyright infringement. *Id.* at 1440.

219. *See* Karol, *supra* note 1, at 38–39 ("Congress went out of its way to assure doubters that the Federal Circuit would not become a specialized captive of the patent industry, in part because it would have a diverse docket allowing it to handle 'a broad range of legal issues.'") (quoting H.R. REP. NO. 97-312, at 19 (1981)); *id.* at 39 ("The idea that the Federal Circuit might be on a different tier from other circuits is directly contrary to the intent professed in its founding legislation.") (citing S. REP. NO. 97-275, at 2–3 (1981), *as reprinted in* 1982 U.S.C.C.A.N. 11, 12–13). Concern that the court might become too specialized motivated, in part, the addition of a number of non-patent areas to the Federal Circuit's jurisdiction. *See* Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 4 (1989). The Federal Circuit has jurisdiction over certain tort cases against the United States; appeals from the Court of Federal Claims, the Court of International Trade, and the Merit Systems Protection Board, in addition to § 337 investigations in the ITC; certain dispute resolutions, economic measures, and other agency actions. *See* 28 U.S.C. § 1295 (2012).

point, the rise of intellectual property litigation in the ITC undermines its legitimacy. The Federal Circuit's development of doctrine in a range of procedural issues in § 337 appeals belies any alleged incompetence to supervise the district courts on these same matters.

2. Uniformity and Forum Shopping

Concerns related to uniformity have been another common justification for Federal Circuit deference to regional circuits. It has been suggested that because district court judges and attorneys are familiar with the law of their regional districts, forcing them to apply different rules in cases that will be appealed to the Federal Circuit would be inconvenient or difficult[220] and force them to "serve[] two masters."[221] Such justifications have been repeatedly invoked by the Federal Circuit; for example, the court has stated that deference to regional circuits promotes "the general policy of minimizing confusion and conflicts in the federal judicial system."[222]

Despite the theoretical risk, however, the actual difficulty or confusion may be minimal.[223] Meaningful conflicts between interpretations of federal procedural law are rare,[224] and furthermore, most patent litigators practice nationally, not locally.[225] One

220. *See* Karol, *supra* note 1, at 27–28 (discussing this justification for deference on procedural rules).

221. *See Atari*, 747 F.2d at 1439 ("It would be at best unfair to hold in this case that the district court, at risk of error, should have 'served two masters', or that it should have looked, Janus-like, in two directions in its conduct of that judicial process".).

222. Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1573–76 (Fed. Cir. 1984) (per curiam). The court also expressed this view in *International Medical Prosthetics Research Associates*, where the Federal Circuit said that it would follow Ninth Circuit law on attorney disqualification because of the need to "maintain a uniformity of guidance available to individual district courts in such purely procedural matters as disqualification." *In re* Int'l Med. Prosthetics Research Assocs., 739 F.2d 618, 620 (Fed. Cir. 1984). In *International Medical*, the court reasoned that:

> Dealing daily with such procedural questions in all types of cases, a district court cannot and should not be asked to answer them one way when the appeal on the merits will go to the regional circuit in which the district court is located and in a different way when the appeal will come to this circuit.

Id.

223. *See* Karol, *supra* note 1, at 28.

224. *See id.* Karol explains:

> [B]ecause the Federal Rules of Civil Procedure are uniform across districts, the vast majority of procedural decisions made in the federal system are not impacted by the location of the district court. Meaningful conflicts among regional interpretations of matters concerning federal procedure are the exception, not the rule. To the extent that conflicts in interpretation do exist, moreover, it is rare that they are material.

Id.

225. *See id.* at 29 (citing Gholz, supra note 216, at 316).

commentator has suggested that "[i]t is somewhat ironic, as well as a bit disingenuous, to maintain the Rule of Deference for the benefit of practitioners who themselves have no sense of geographic boundaries"[226] and that it is probably *more* burdensome for patent litigators to have regional variation.[227] For judges, applying different law in cases that will be appealed to the Federal Circuit may create some additional work. But federal judges are already accustomed to applying different laws because of other choice-of-law rules, most notably when sitting in diversity jurisdiction.[228] In those cases, judges apply state substantive law and some state procedural law. It may be slightly less natural at first for district court judges to apply different federal procedural law when sitting in federal question jurisdiction, but this is unlikely to be a real hurdle. Moreover, in almost every instance, litigators and judges will know from the beginning of a case whether the appeal will be to the Federal Circuit or the regional circuit; it is not as though they must conduct the case not knowing which precedent to follow.[229]

These reasons to question the uniformity rationale for deference are all the more true with the rise of § 337 actions in the ITC. Litigators in intellectual property cases are frequently specialists in this area of law and are thus more likely to litigate intellectual property cases in multiple jurisdictions—including the ITC—rather than multiple types of cases in one jurisdiction. Of course, attorneys must expect to make many accommodations for fundamental differences between litigation in the district courts and the ITC, and indeed, the differences are some of the key drivers for increased ITC litigation. But uniformity of procedural law for lawyers already litigating in the ITC is a particularly unsatisfying justification for deference to regional circuit courts in district courts appeals. Given the many areas of similarity between issues arising in the two forums, if anything, it would seem easier for lawyers if the Federal Circuit created the law for district court litigation, thus making it more likely to match the law in the ITC.

Closely tied to the uniformity rationale for deference is the idea that the Federal Circuit's deference to regional circuit law can be justified as a way to decrease forum shopping. The Federal Circuit has expressed this view, describing its creation as driven by the congressional goal of minimizing forum shopping[230] and voicing concerns that not deferring to regional circuit law would "encourage forum shopping by seeming to

226. *See id.*
227. *See id.*
228. *See* Gholz, *supra* note 216, at 316.
229. *See id.*
230. Atari, Inc. v. JS & A Grp., Inc., 747 F.2d 1422, 1440 (Fed. Cir. 1984), *overruled by* Nobelpharma AB v. Implant Innovations, Inc., 141 F.3d 1059 (Fed. Cir. 1998).

provide an escape" from the regional circuit.[231] That is, litigants could avoid unfavorable regional circuit law by including a patent claim.[232]

Several commentators, however, have argued that the forum-shopping justification is questionable. They suggest that whether or not the Federal Circuit defers to regional circuits' law simply determines which type of forum shopping there will be, not whether it will exist.[233] If the Federal Circuit creates its own interpretations of federal law, there may be forum shopping between the Federal Circuit and regional circuit courts. In contrast, if the Federal Circuit defers, there may be forum shopping between the circuits.[234]

Again, rising litigation in the ITC further weakens any forum shopping-based justifications for deference to regional circuits. Creating Federal Circuit law for cases arising in the ITC, but not applying it to cases arising in the federal district courts, only adds to the possibilities from which to choose the most favorable law. Choosing to litigate in the ITC is now a primary form of forum shopping in patent disputes. The incentives to forum shop in the ITC[235] are arguably stronger than any incentives to forum shop amongst regional circuits or between them and the Federal Circuit.[236] Although forum shopping in the ITC is unlikely to

231. *Id.*

232. *See* Abramson, *supra* note 78, at 4–5 ("First, adopting the law of the regional circuits for non-patent matters avoids self-appropriation–the plaintiff cannot, by including a patent claim in the complaint, escape the law of the regional circuit as to non-patent-related matters in the complaint.") (citing *Atari*, 747 F.2d at 1433–34, 1438). Abramson observes that in *Atari*, the court "not[ed] [that] Congress expressed concerns that plaintiffs might try to manipulate jurisdiction by adding a frivolous patent claim to avoid the law of a regional circuit." *Id.* at 5 n.21.

233. Schaffner, *supra* note 1, at 1194.

234. *Id.*; *see also* Gholz, *supra* note 216, at 314 (arguing that deferring to regional circuits revives the same forum shopping opportunities that led to the creation of the Federal Circuit, since litigants will simply go back to the pre-Federal Circuit practice of attempting to litigate in the circuit with the most favorable law). One commentator has even argued that deference to regional circuits will cause a kind of reverse forum shopping—if the Federal Circuit is required to apply a regional circuit's law, a party to whom the regional circuit's law is favorable will actually prefer to be in the Federal Circuit, since the law will likely be applied without modification. Dreyfuss, *supra* note 219, at 42. If, instead, the party has its case heard in the regional circuit, there is a risk that the law could be modified or adapted against the party's interests. *Id.* Charles Gholz has also recognized this problem. *See* Gholz, *supra* note 216, at 313–14.

235. *See supra* notes 74–76 and accompanying text.

236. Indeed, one scholar in 2010 noted that the ITC had eclipsed any U.S. district court in the number of full patent adjudications carried out per year. Menell, *supra* note 29, at 79 ("The ITC now conducts more full patent adjudications on an annual basis than any district court in the nation."). About half of ITC investigations go to judgment, compared to far fewer in the district courts. *See supra* note 25.

The incentives to forum shop in the ITC are also easier to act on, since jurisdiction is easier to establish (as long as there is importation), particularly with the increasing difficulty of keeping cases in the Eastern District of Texas, *see* Li Zhu, Note, *Taking Off:*

be eliminated by having the Federal Circuit apply its own procedural law in district court appeals, it could reduce some of the incentives by increasing the uniformity of procedural law across the courts and agency. Moreover, ending Federal Circuit deference to regional circuits only on procedural, not substantive, law strikes a balance between the types of forum shopping. Inter-circuit forum shopping is most obviously problematic in substantive law. For example, it seems problematic that a copyright claim might be decided one way if decided alone by the regional circuit and another way if decided under the Federal Circuit's pendent jurisdiction based on a patent claim. Thus, retaining deference to regional circuits on substantive issues avoids such forum shopping, while ending deference on procedural law addresses the conceptual conflict and any doctrinal conflicts between the ITC and district courts on procedural issues.

Of course, Federal Circuit development of its own procedural law would have broader effects than just reducing conceptual and doctrinal inconsistencies generated by litigation in the ITC. Initially, there would be practical concerns—in particular, a void of guiding precedent in district court patent cases. But just because the Federal Circuit would not be deferring to regional circuit law would not mean that it could not look to other circuits for persuasive precedent. Given that there are relatively few points of actual doctrinal conflict between circuits,[237] litigants and district court judges would have reasonably good predictions as to the law that the Federal Circuit would apply in most cases of first impression.[238] In addition, the uncertainty of a lack of guiding precedent would almost surely be compensated for by the elimination of the current uncertainty as to whether an issue is one on which the Federal Circuit will defer. In any case, problems of this sort would diminish with time.[239] But beyond these initial hurdles, there would obviously be lasting trade-offs if the Federal Circuit developed its own law on all procedural issues. In particular, it would certainly revive some of the forum shopping concerns that the deference was meant to

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Recent Changes to Venue Transfer of Patent Litigation in the Rocket Docket, 11 MINN. J.L. SCI. & TECH. 901, 910–12 (2010), and because there can be parallel litigation between the ITC and district courts. *See supra* notes 60-62 and accompanying text.

237. *See supra* note 224.

238. The current system requires practitioners and district court judges to deal with voids in precedent as well, though admittedly less often. In the current system, there is sometimes no controlling authority in the regional circuit on an issue, and the Federal Circuit must then predict how the circuit would rule. *See e.g.*, Concept Design Elecs. & Mfg. v. Duplitronics, Inc., No. 96-1065, 1996 WL 729637, at *4 n.3 (Fed. Cir. Dec. 19, 1996).

239. *See generally* Moore, *supra* note 1, at 800–01 (addressing the critique that if the Federal Circuit stops deferring to regional circuit law there will be a void of precedent).

address. But these concerns, like concerns about a lack of guiding precedent, are also mitigated to some extent by the fact that in the vast majority of situations, circuit courts have relatively uniform interpretations of federal law, and the Federal Circuit would likely join in these interpretations.

CONCLUSION

The United States patent system is particularly interesting to study because litigation can occur both through Article III courts and Article I tribunals. Traditionally, the Federal Circuit has taken a more circumscribed view of its own role vis-à-vis the other appellate courts and has deferred on a number of issues outside its area of specialization in appeals from district courts. This is in stark contrast to the Federal Circuit's stance in reviewing agencies, where it has consistently demonstrated its unwillingness to defer to either the ITC or the USPTO, sometimes in direct contravention of administrative law principles. Rather than critique either of the Federal Circuit's deference regimes alone, this Article instead looks at them in tandem, focusing on an unrecognized conflict between them.

As intellectual property-related litigation in the ITC increases, the Federal Circuit is developing a body of law to govern these disputes. But as this body of law grows, it increasingly includes issues on which the Federal Circuit declines to apply its own law in the context of district court appeals. With the same issues being litigated in both forums, conceptual inconsistencies are likely to be more visible, and any doctrinal inconsistencies may be more likely to appear problematic, particularly if they lead to divergent outcomes between the two forums in the same controversy. The circularities caused by the conflict, in which the Federal Circuit may ultimately review de novo its prior deference to a regional circuit, are particularly troubling. It seems suspect that the Federal Circuit would defer in the first instance in a district court appeal, if it may later review the same issue without deference when it arises from the agency. This is particularly true given the underlying principle of administrative law that agencies receive greater deference as specialized institutions.

The current distribution of power is thus inconsistent with principles of administrative law and appellate review, and the conflict between the two deference regimes destabilizes both and raises questions about the proper scope of the Federal Circuit's power. Ultimately, however, finding the right resolution to this instability may depend on broader issues regarding the roles we believe the Federal Circuit and the agencies involved in patent-related proceedings should play in the broader system.

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